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Daily Report

Latin America

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Daily Report
Latin America

FBIS-LAT-94-145 *28 July 1994*

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AEC Supports Salinas To Head WTO

PA2707202194 Hamburg DPA in Spanish 2127 GMT 24 Jul 94

[Text] Cartagena de Indias (Colombia), 24 Jul (DPA)—The newly formed Association of Caribbean States (ACS) [AEC] announced today its support of Mexican President Carlos Salinas de Gortari for the post of director general of the World Trade Organization (WTO).

Colombian President Cesar Gaviria announced this support during his speech at the AEC ceremony held in the Colombian ocean resort here.

According to Gaviria, his colleague Salinas de Gortari has enough qualities to head the top world trade organization, which is why area countries support him.

But Venezuelan President Rafael Caldera said his country had not been consulted on this decision and had yet to decide its support.

This last fact was described as the only diplomatic incident that marred the AEC summit, attended by chiefs of state and governments, foreign ministers, and representatives of 37 countries that border the Caribbean Sea.

Report on G-3 Trade Treaty

PA2707224294 Mexico City UNOMASUNO in Spanish 22 Jul 94 p 25

["Free Trade Treaty: Mexico Colombia and Venezuela, Group of Three (G-3)"—UNOMASUNO headline]

[Text] The Group of Three's [G-3] Treaty will encompass a free trade zone comprised of Mexico, Colombia, and Venezuela, the population of which totals 145 million people. This Treaty establishes clear and transparent regulations for members' mutual benefit in trade and investment. The Treaty, which promotes confidence in financial sectors, will promote the exchange of goods and services under conditions of fair competition and will facilitate the flow of investments among the three members.

The Advisory Council guaranteed participation by government, business, labor, peasant, and academic sectors throughout all stages of the negotiations. The Coordinator for Foreign Trade Business Organizations (COECE) also took part "from the sidelines" as an advisor and consultant for Mexican negotiators before, during, and after each meeting.

GENERAL BENEFITS OF THE TREATY

Free access in trading goods and services with the Colombian and Venezuelan markets, which in 1993 bought $21 billion worth of goods from other countries. Mexican exports to these two countries added up to $461 million.

Promotion of a greater and more effective use of the area's resources and raw materials in reciprocal trade.

A predictable framework for planning productive activities and investment plans in light of economic globalization.

Protection for intellectual property.

A speedy and equitable system to prevent and settle disputes; promote opportunities to increase and diversify production; create economies of scale, and commercial and investment alliances; foster greater competition, growth, and more productive and well-paying jobs that contribute to the greater well-being of Mexicans.

WHAT THE TREATY COVERS

The Free Trade Treaty between Mexico, Colombia, and Venezuela includes the following issues: preferential treatment and access of goods to the market; the automotive sector; the livestock sector and sanitary measures; rules of origin, customs procedures, safeguards, and protection from unfair international trade practices; general principles of trade in services, telecommunications, and financial services; temporary visits by businessmen; technical regulations; purchases by the public sector; policies on state-owned companies; intellectual property; and settlement of disputes.

It is worth adding that the G-3 provides for membership by other countries in Latin America and the Caribbean.

PREFERENTIAL TREATMENT AND ACCESS OF GOODS TO THE MARKET

Plan For Phasing Out Tariffs:

Includes a plan for phasing out, over the next decade, tariffs on all industrial products, except for textile trade with Venezuela and polystyrene trade with Colombia and Venezuela.

In Colombia's case, tariffs will be eliminated immediately on 40 percent of existing trade. For another 5 percent of products already negotiated in ALADI [Latin American Integration Association] between Mexico and Colombia, tariffs will be eliminated in five years.

Based on preferences previously negotiated within ALADI, a clause has been included that will speed up the phasing out of tariffs.

Access To Markets:

Rules have been set up to ensure nondiscriminatory treatment, ban increases in or adoption of new tariffs, and eliminate nontariff barriers, except for those involving used goods, oil, and oil by- products.

AUTOMOTIVE SECTOR

At the latest, one year after the Treaty's implementation a committee will be created to submit proposals to the Treaty's Administrative Commission on mechanisms for promoting trade in this sector and for rules of origin.

Once the Treaty has been in force for two years and after the above condition is agreed upon, tariffs will be phased out over a 10-year period.

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AGRICULTURE SECTOR AND PLANT AND ANIMAL SANITARY MEASURES

Agriculture

A plan to phase out tariffs over a 10-year period was agreed upon, in conjunction with a list of temporary exceptions for each country. This will be reviewed every year.

For the first 10 years a special tariff-quota type protection will be in force between Mexico and Venezuela for cucumbers, gherkins, pimientos, fresh garlic, avocados, fresh and dry oranges, mangos, guavas and mangosteens, soup preparations, beer, rum, and beef meal.

The parties agree to minimize the distortions caused by a country's domestic trade and production support mechanisms, reserving the right to change their current support mechanisms according to the rights and obligations established under GATT.

Subsidies for the export of agriculture products during the first three years after the Treaty takes effect are permitted. Beginning in the fourth year their elimination will begin in annual stages at similar rates until they are completely eliminated when the phasing out of tariffs is complete.

An analysis committee for the sugar sector will be created, the duty of which is to reach an agreement among the three countries on sugar trade, no later than six months after this Treaty takes effect. A list of products to be included in a 15-year tariff elimination program was agreed upon, the permanent inclusion of which will depend on a determination within the committee. If no agreement is reached, this group of products will be included in a list of temporary exclusions.

Plant and Animal Sanitary Measures

Provisions and principles for the drafting, adoption, and application of the plant and animal sanitary measures are established.

The use of international norms as a basis for the drafting, adoption, and application of the plant and animal sanitary measures is agreed upon.

A committee has been created to oversee fulfillment of the established agreements, promote technical cooperation, and contribute to the improvement of the plant and animal sanitary conndditions in the three countries.

RULES OF ORIGIN

To ensure that the Treaty's benefits will remain in the region, thus avoiding triangulation, tariffs will be eliminated on:

Goods that are completely produced in the region; goods that are substantially transformed based on the change in the tariff and/or that meet a requirement of regional content. The change in the tariff establishes what materials may be imported from outside the G-3 for production of a product.

The regional content requirement is 55 percent under the transaction value method [metodo de valor de transaccion], with the exception of some products, the regional content of which will be 40 percent for the first three years, 45 percent the next three years, followed by 50 percent.

A Regional Supply Integration Committee [Comite de Integracion Regional de Insumos] (CIRI) will be established to define the rules of origin of a reduced number of products from the chemical and plastics, textile, copper, and aluminum sectors. The CIRI will be comprised of representatives of the public and private sectors of the three countries, which will evaluate the countries' supply capability.

CUSTOMS PROCEDURES

In this chapter the certification and verification of the origin of the merchandise is regulated.

The certificate of origin is the responsibility of the producer or exporter. Authorities in the exporting country will validate the certificate.

Authorities in the importing country are authorized to verify that the rules of origin are complied with.

A Working Group of Customs Procedures will be established for the interpretation, application, and administration of this chapter; tariff classification matters depending on the product's country of origin; and procedures for the request, approval, modification, revocation, application of preestablished criteria, and review of certificates of origin.

SAFEGUARDS

Resources to protect the national industry from increased imports under conditions or amounts that could cause or threaten to cause serious harm following the implementation of a program to eliminate tariffs. The safeguards will deal with tariffs, will be applied for one year at the most, and can be extended for another year.

A clear procedure for compensation is created to prevent the unjustifiable use of safeguards with protectionist designs.

The right to adopt these emergency measures is preserved under the protection of GATT Article 19.

DISLOYAL PRACTICES IN INTERNATIONAL TRADE

Measures are established to withhold subsidies for industrial goods assigned to the market of the other parties.

Norms were agreed upon to guarantee the open and justifiable application of safeguards against these practices.

Each country will apply its laws on the matter in accordance with GATT regulations.

Guidelines are included to guarantee equality and reciprocity in investigations against disloyal practices as well as mechanisms ensuring the protection of exporters before compensations are determined.

GENERAL PRINCIPLES ON THE TRADE OF SERVICES

Regulations and norms are established to ensure the free trade of services in the area.

The basic principles are: nondiscriminatory treatment, most- favored nation status, and no need to establish companies in other countries as a requirement to operate as a service company.

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Once this agreement becomes effective, current restrictions will be in effect, and exceptions to these principles will be specified eight months later.
Government functions, commercial air services, and financial services are excluded.
After the agreement has been in effect for two years, nationality and permanent residence requirements will be eliminated to validate licenses or certificates for professionals from the three countries.
The criteria and procedures are established to validate diplomas and professional licenses.
Transportation regulations are established.

TELECOMMUNICATIONS
Principles are established to access and use networks and telecommunication public services.
Value-added services and the use of private networks and intercompany communications are included.
Monopolies are approved to provide networks and telecommunication public services.

FINANCIAL SERVICES
Financial institutions from the other countries can be established under conditions of fair and preferential treatment, and the free transfer of resources overseas is guaranteed.
Prudent measures can be applied to guarantee the stability of the financial system.
Each country withholds the right to handle monetary and exchange policies.
The Financial Services Committee has been established to supervise the application of the norms in this section, to coordinate the frameworks of regulations and policies, and to participate in procedures for settling disputes.

TEMPORARY ENTRY FOR BUSINESS PERSONNEL
Principles are established to enable the temporary entry of business investors and company personnel, without necessitating modifications to labor or immigration laws.
Regarding the transfer of personnel, three lists of companies will be established for the temporary entry of such individuals.
A working group on temporary entry is created in order to draft measures that will enable the temporary entry of business personnel.

TECHNICAL RULES
Technical rules will be implemented, in accordance with the principle of nondiscriminatory treatment, and without their becoming an unnecessary obstacle to trade.
Each country reserves the right to establish adequate and safe levels of health protection for humans, animals, vegetables, the environment, and consumers.

PUBLIC SECTOR PURCHASES
A market of more than $20 billion annually is created for government purchases.
Principles of nondiscriminatory treatment, clear bidding procedures, and a review of the same, will allow suppliers to voice their disagreement over bidding procedures that affect their interests.

Such provisions will be applicable to contracts that exceed the following limits:

	Goods and Services	Public Works
Federal Government	50	6,500
Parastate Sector	250	8,000

Figures in thousands of dollars

There are 10-year reservations for commitments on nondiscriminatory treatment, which will be gradually eliminated. Mexico reserves the right not to call for bids on 5 percent of its annual purchases.
The Committee of Micro, Small, and Medium Industry is created to promote opportunities in public sector purchases for this type of industry in the region.

POLICY ON STATE BUSINESS MATTERS

Each Country Will Pledge Its State Businesses:
i) Will grant other country nationals nondiscriminatory treatment in the sale of goods and services for similar commercial operations in its own territory.
ii) Will act according to commercial considerations in purchasing or selling goods or services monopolized in its territory, and
iii) Will not use a monopolizing position to engage in practices contrary to competitive market competition.

INVESTMENT
Clear and certain conditions of security are established for investors and their investments, under the discipline of nondiscriminatory treatment, most-favored nation status, freedom of transfers, and expropriation.
Performance requisites that distort trade or investment cannot be imposed as conditions for making an investment.
The list of reservations and exceptions to this chapter is consistent with our constitution, the General Agreement on Tariffs and Trade, and the Foreign Investment Law.

INTELLECTUAL PROPERTY
Principles are established to guarantee the protection of copyright and industrial property rights.
Principles are established for nondiscriminatory treatment and most-favored nation status in protecting and defending intellectual property rights.
Protection is guaranteed for trademarks, original brand names, authors' rights, related rights, and confidential information.

RESOLUTION OF CONFLICTS
A mechanism is established to include three phases: consultation, mediation intervention of the Treaty Administration Commission, and arbitration proceedings.
The arbitration tribunal will consist of five members elected in a crisscross [cruzada] manner.
The final ruling of the Arbitration Tribunal is binding.
If the party ruled against does not comply with the tribunal's final decision, the claimant can suspend equivalent benefits.

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Cuba

Envoy Explains Invitation to UNHCR Representative

PA2707131194 Havana PRENSA LATINA in Spanish 0002 GMT 23 Jul 94

[Text] United Nations, Jul [no date as received] (PL)—Cuba's representative to the United Nations, Jose Antonio Fernandez, said the invitation to the UN High Commissioner for Human Rights [UNHCR] to visit Cuba is an expression of the Cuban Government's political willingness to cooperate in this area.

In a speech today to the UN Economic and Social Council (ECOSOC) explaining Cuba's rejection of the Human Rights Commission's draft report [proyecto de decision] on Cuba, Fernandez reaffirmed his government's willingness to assist the high commissioner during his visit.

Fernandez added that Cuba has nothing to hide; that is why Cuba has made the sovereign decision to invite the high commissioner to collect first-hand knowledge on Cuba's reality and on the efforts of its people to find solutions to the difficult situation it currently faces.

Fernandez emphasized that this is irrefutable proof that this is the approach all members of the international community should take, without differences or privileges for any member, or political pressure exerted on others.

Fernandez affirmed that the Cuban position will be to not acknowledge the report because it is the result of a discriminatory procedure that singles out the country and by which U.S. interests to keep Cuba under international scrutiny try to prevail.

This is done by resorting to pretexts, fabricating situations, and provoking actions that are far removed from showing authentic, real, and sincere concern for human rights, he added.

The Cuban representative raised doubts about the real efforts of the United States in the human rights arena when he said that historically Washington has financed, supported, and maintained the most repressive and savage regimes in the world and has been the aggressor in wars, invasions, and occupation of territories in violation of international law, while showing contempt for public opinion.

Fernandez asked: "How can they talk about human rights—they who have tried to starve an entire nation into submission for over 30 years by enforcing a brutal economic blockade that has been condemned by the international community, including the UN General Assembly itself?"

Fernandez added: "For Cuba—whose people have fought for over a century to preserve their independence and dignity as a nation—this proposal, like any other attempt to impose unjust and discriminatory treatment on us, is the object of our most energetic repudiation."

Fernandez said that Cuba will never reject impartial and objective talks and cooperation with full respect for the principle of equitable sovereignty, but Cuba will never accept any imposition whose sole aim is to satisfy the hegemonic whims of a big world power.

The practice of exerting pressure and imposing one's will on others has been and continues to be the greatest obstacle faced by the process of change sought by Cuba to better adapt itself to a changing world, Fernandez said.

Fernandez added that Cuba has always expressed its willingness to maintain normal and friendly relations with all nations, based on mutual respect and equitable sovereignty.

Regarding this, Fernandez said that the recent "The Nation and the Emigration" conference, in which significant groups of Cuban emigrants from all over the world participated in discussions of issues of mutual concern, is another example of the Cuban Government's continuing willingness to talk.

The vote was taken and the proposal for a draft report on human rights in Cuba was passed. Twenty-four members voted in favor of the proposal, eight voted against, and 14 abstained. Eight of the 54 ECOSOC members did not attend the meeting.

Greek Organizations Donate Food, Medicine

PA2807025594 Havana PRENSA LATINA in Spanish 1152 GMT 23 Jul 94

[Text] Havana, 23 Jul (PL)—It was announced today Cuba received a shipment of food, medicines, and other articles from Greece, donated by social, labor, and political organizations that are members of the Greek-Cuban Friendship Association.

Tomas Cao, a member of the Cuban Institute of Friendship with Peoples (ICAP) who is in charge of relations with Greece, told PRENSA LATINA this is the fourth shipment of humanitarian aid to Cuba donated by Greek political parties of various trends, as well as labor and social organizations.

Cao said 10 containers with approximately 75 tons of cooking oil, milk, other food products, and medicines are added to three previous shipments received since 1991, when the Greek-Cuban Friendship Association began a campaign dubbed "Cuba is Not Alone."

He recalled the first shipment consisted of 37 tons of soap, the second one of 17 tons of milk for the central province of Cienfuegos, and the third one brought more than $80,000 worth of medicines and vitamins to fight the neuropathic epidemics, which affected approximately 50,000 Cubans in 1993.

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According to Cao, the donations will be distributed among hospitals, schools, child care centers, and other institutions in Havana, as well as in the interior of the country.

Lazo Attends Anniversary Celebration in Guama

FL2607204394 Havana Radio Rebelde Network in Spanish 2300 GMT 25 Jul 94

[Report by journalists Carlos Sanabria Marrero from Santiago de Cuba and Benigno Rodriguez Torres from Guama Municipality for the "Exclusive" program]

[Text] [Sanabria] Everything is ready here for tomorrow, 26 July, when at 1715, 135 outstanding pioneers will enact a symbolic attack on the old Moncada fortress. Meanwhile, the province's nine municipalities have been carrying out major events to mark the 41st anniversary of this glorious feat.

[Rodriguez] Esteban Lazo Hernandez, member of the Politburo and vice president of the Cuban Council of State, attended the municipal event in Guama to mark the 26 July anniversary. He said this territory had fulfilled its essential goal and earned the right to host the event, meaning it surpassed the mercantile production goal during the first semester.

Residents of Ocujal and La Plata, located near Pico Turquino, gathered in Guama to attend the municipal event that marks the 26 July anniversary. They listened attentively to a conversation between Esteban Lazo Hernandez and residents of this mountain range, who were asked why they felt gratitude toward the Revolution. Lazo referred to this:

[Begin Lazo recording] You just said you are grateful toward the Revolution, and I tell you: If there is a municipality that carries the Revolution in its heart, if there is a municipality that has been capable of defending the rich and extraordinary story of the struggle waged in these mountains, it has been Guama Municipality, the revolutionary people of Guama Municipality. [applause] [end recording]

Esteban Lazo Hernandez also spoke with young residents of Havana who attended the 26 July municipal event in Guama. They expressed their unanimous support for his appointment as new first party secretary in Havana. The 26 July event in Ocujal, Pico Turquino, was justified, as this was the best municipal council in Guama Municipality.

Editorial Marks 'Day of National Rebellion'

PA2607214194 Havana PRENSA LATINA in Spanish 1544 GMT 25 Jul 94

[Text] Havana, 25 Jul (PL)—Today, the weekly TRABAJADORES addressed the need to do whatever is necessary to save the revolution. TRABAJADORES believes the first thing that needs to be done is to improve the Cuban economy.

In an editorial marking the day of national rebellion, which will be commemorated tomorrow, the official mouthpiece of the Central Organization of Cuban Trade Unions (CTC) stated the revamping of internal finances is an indispensable requirement, without which nothing can be done.

Approximately 100 youngsters led by current President Fidel Castro assaulted Moncada Barracks in Santiago de Cuba on 26 July 1953 in an act against dictator Fulgencio Batista, an act which, although it failed, sparked an armed movement that achieved victory on 1 January 1959.

Workers must bear in mind the measures to reverse the excess currency do not represent half measures but, on the contrary, demand sacrifices, because they would be ineffective if unfulfilled, the publication warned.

There is an excess of currency in Cuba of 11 billion pesos, the equivalent in U.S. dollars at the official exchange rate, and the government has implemented measures aimed at gradually eliminating it, without using shock measures as applied in other regional countries.

Jose Luis Rodriguez, finance and prices minister, termed as encouraging last week the amount of collections obtained last June through the application of new prices for cigarettes and alcoholic beverages. This has allowed us, he said, for the first time this period, to stop printing money and to achieve a small reduction in currency of more than 245 million pesos.

TRABAJADORES believes at a time when it is fashionable not to mention certain words remembering the socialist language, Fidel Castro is defending justice, nobleness, and rationality of the proletariat.

The publication stated the life of the revolution depends on the battle Cubans wage and, above all, on workers, the social basis par excellence, "the segment most interested in not returning to a past that will take away their power and make workers second class citizens. [no closing quotation mark as received]

The publication reiterates the country's fundamental task is to increase the scarce agricultural production, as well as the production of other foodstuffs for the population, which is close to 11 million people.

ANPP To Study Tax Bill for Reorganization of Finances

FL2707210794 Havana Radio Rebelde Network in Spanish 1700 GMT 27 Jul 94

[From the "National Radio News"]

[Text] The third regular session of the fourth legislature of the National Assembly of the People's Government [ANPP] will study a bill on a tax system that will continue a series of measures aimed at reorganizing the national finances.

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The ANPP session has been called for 3 August. Its agenda will also include Granma Province's assessment report and a study of the Council of State's decree-laws and accords. This gives continuity to the ANPP's work initiated in December's meeting, in which Cuba's principal financial and economic issues were discussed, as they were during the special session in May.

Ecuadoran Foreign Minister Arrives, Comments on Ties

FL2807010194 Havana Radio Rebelde Network in Spanish 2300 GMT 27 Jul 94

[Report by Julio Gomez from Jose Marti International Airport for the "Exclusive" program]

[Text] Ecuadoran Foreign Minister Diego Paredes Pena arrived here in the Cuban capital at the invitation of our country's Foreign Ministry. Paredes referred to strengthened relations between Cuba and Ecuador:

[Begin recording] [Paredes] Our relations have recently been what I would call very friendly, and we believe we can strengthen them in all sectors. I am happy to be in Cuba for an official visit and, personally speaking, it is my first time in this country. I am extremely pleased to be here, and we will welcome Minister Robaina in Ecuador in a matter of days, with the intention of encouraging relations and doing what Roberto has just said—all the new and best things we can for our countries.

[Reporter] Any specific goal for your visit to Cuba?

[Paredes] We want to explore everything we can. We have discussed some things with Roberto and—since our heads of state had the opportunity to talk—we have had a frank, direct, down-to-earth, constructive dialogue. We believe this is what our America, our countries, and our world needs. We believe that conditions are now more than ever appropriate for an exceptionally frank dialogue, the main goal of which is our people's welfare. It will allow us to discuss all the problems—in fact, the most critical problems that may prevail.

[Reporter] Could you give me some examples?

[Paredes] Naturally, all topics dealing with close, rich, fruitful relations generate different viewpoints. [end recording]

The distinguished visitor was met at the airport terminal by Roberto Robaina Gonzalez, foreign minister and member of the Politburo, and Ecuadoran Ambassador Alejandro Roman Almendaris.

Journalist Views 'Desperate' Situation

94CA0127B Madrid CAMBIO 16 in Spanish No 1,179, 27 Jun 94 pp 44-47

[Article by Roman Orozco]

[Text] The official lifts up his guayabera a little and grabs hold of his belt. Smiling, he says, "Look, man, I've lost all this weight!"

The length of belt he shows me, marked with crude, handmade holes, measures about 20 centimeters.

My friend P.J. was thin enough when I met him five years ago. In the last three years, since the beginning of the Special Period in Times of Peace (which is Cuba's official name for the most critical period of the revolution), he has lost 20 kilos. Week after week as a volunteer farm laborer, long trips pedaling his bicycle from home to the Central Committee headquarters, plus the increasingly severe food shortage—all have left P.J. a bag of bones.

The room where I am talking to this official of the Communist Party of Cuba (PCC) is austere. The window is open. No longer can one feel the frigid air of the past; about two years ago, the air conditioners were unplugged. The abundant and favorably priced oil that used to arrive from the now-defunct Soviet Union would cool the elephantine complex that is the seat of Cuban power: the party Central Committee, the palace where Fidel Castro receives his illustrious visitors.

My friend P.J. confirms to me what is obvious in the streets: The situation is getting desperate. Just one little example: His youngest son is asthmatic. Last weekend he searched in vain for the right medication to calm an asthma attack that his son was suffering. The lack of medication is brutal. It was precisely 30 years ago that the most inhumane order ever dictated by a U.S. president was issued: On 14 May 1964, Lyndon B. Johnson extended the economic blockade against Cuba to food and medicine. What I read on the plane before landing at Jose Marti Airport is no joke: There are only 40 aspirins per person per year. And that is if you live in Havana; in the rest of the country they have to make do with half that.

The government has issued a report on the new distribution of medicines and the restrictive measures imposed on prescriptions. The official press—all press is official here—has launched a campaign to publicize the new measures. The oldest magazine in the Americas, BOHEMIA, explains a method that is "better than aspirin" for treating headaches. Take note: "Press the spot located in the muscle tissue between the thumb and index finger."

BOHEMIA says that it is necessary to find the exact place by feeling gently until a slight tickling sensation is felt in a certain place. That is the spot. Press on that spot for 30 seconds. Then switch hands and repeat the operation as many times as necessary until the headache goes away. This technique, says BOHEMIA, is known as "digitopuncture."

A doctor friend confirms that his hospital is in dire straits. A couple of weeks ago, while operating on an

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accident victim, the surgeon asked for a certain kind of suture to sew up a wound. The young doctor had to go running around to look for it. The operating room was out of that kind of suture.

When I got off the plane and headed down the broad avenue of Rancho Boyeros toward downtown, I made careful observations to detect changes. The Benetton billboard is still there. The references to heroes and the revolutionary slogans are still there. The long lines waiting for *guaguas* (buses) that never arrive are still there. The dozens of cyclists, some with their girlfriends, wives, or children riding on the back, are still there. The impatient pedestrians who *piden botella* (hitchhike) are still there. I see something odd, but I cannot figure out what it is. After a few days I realize what it is: the look. The problem is in the expression on people's faces.

The mulatto woman who crosses in front of your *carro* (car), the *medio tiempo* (fortyish) man who pumps gas, the lady who watches you from her balcony as you park your car—their faces do not reflect the Cuba I know. There is a look of sadness, I would even say despair.

I had never before gotten that impression on my many visits to the island. The ensuing days confirmed that first subjective impact with a very objective fact: No one has told me a single joke in two weeks. The national production of jokes has plummeted. Cubans, whose wit has been matched by few, have lost their sense of humor. I recall my last visit, when nearly 50,000 Cubans were suffering severe symptoms of optic neuritis, some in danger of losing their sight. Even so, as in other desperate situations, they told jokes. It was an excellent escape valve. I remember one joke from those days:

"Hey, do you know that now all Cubans have neuritis?"

"How can that be, comrade?"

"It is very simple: They open the refrigerator, and they see nothing inside."

Now that is no longer funny, because there is hardly anything. Gris, an old friend with a degree in art, who on my earlier trips would always keep me up to date on what the government was allowing on the ration card—officially, the Supply Booklet—now tells me that the food she gets lasts just 24 days out of the month. I tell her that others have said they can stretch their rice out for 12 days if they really work at it.

"Sure, but I no longer eat lunch!"

I remember: Nicaragua, 1989. The Sandinists lose power. The *Nica* economy is a disaster. An engineer friend says almost the same thing: "At my house we have decided to eat just one meal a day. Either lunch or dinner, and always the same dish: *gallopinto* [rice and beans]."

And nothing else.

In Cuba, *gallopinto* is called *arroz congri*. Until the early 1990's, *congri* was a side dish in Cuba, the way bread is in Spain, an accompaniment to the main dish of chicken, pork, or eggs. Today Cuba is going through the same thing that many other Latin American countries have gone through.

The government has decided to raise prices by a substantial amount. Basic items such as rum, cigarettes, and bus fare have doubled or quintupled in price. There is an urgent need to withdraw nearly 12 billion pesos from circulation. Gris, who still has some of that marvelous Cuban sense of humor, comments: "Maaaan! What do I care if they raise the price of a bottle of rum to 40 pesos if there is no rum on the market?"

That is the way it is. Prices go up on products that are practically nowhere to be found, except on the black market. There, there is plenty of everything, but for dollars. And so many people have gotten rich that Fidel Castro, who abhors personal enrichment (that is why the free sale of foodstuffs by private farmers was cut off cold in 1986), has ordered the seizure of all property held by *macetas* [money hoarders], who run the bands that traffic in all kinds of goods.

It is a small step backward in the process of economic reform begun in August last year, first with the decriminalization of the possession of foreign currencies (that is, the dollarization of much of the national economy), and the authorization of individual work independent of the state or the distribution of land among peasants who belong to cooperatives.

At the same time, however, it is apparent that some steps forward are being taken on the Cuban road to social-capitalism, if it can be defined in that way. There are some symptoms of ideological liberalization:

1. A new magazine called OPCIONES [CHOICES], subtitled SEMANARIO FINANCIERO COMERCIAL Y TURISTICO DE CUBA [FINANCIAL, COMMERCIAL, AND TOURISM WEEKLY OF CUBA], has been launched, to be sold for dollars. I remember: CAMBIO 16 was launched under the dictatorship of Francisco Franco with the subtitle SEMANARIO DE ECONOMIA Y SOCIEDAD [ECONOMY AND SOCIETY WEEKLY]. In OPCIONES you read that it takes something "more than luck to get ahead in demanding markets," and that Cuban companies are "looking for 'partners' [in English]." The classified ad section draws my attention. There are ads for everything from beauty parlors (which have nothing to do with the misnamed saunas and massage parlors of Spain) to religious services to service stations to interior decorating stores.

2. EL CAIMAN BARBUDO [THE BEARDED ALLIGATOR] has been reborn. This is a weekly magazine in which the most open-minded members of the regime, including the ousted Carlos Aldana, who at one time was an influential member of the party Secretariat in charge of ideology, wielded their pens during the last decade.

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3. Carlos Varela and Gerardo Alfonso sing in a Havana park. They are the most acid elements of the Nova Trova. Their songs speak of daily problems, and the party hardliners keep them in line, but there they are, on the platform, singing at the top of their lungs: "I do not know why there is so much lying!"

I go to the recital on Saturday, 4 June. In a few seconds, three long-haired young men, wearing identical T-shirts showing a picture of John Lennon, appear in front of me. Everything falls into place when I read the program of the "activity" (in Cuba there are no acts, just "activities"). It says that in 1980, Varela, a short, very nice young white man, and Gerardo Alfonso, a mulatto with long dreadlocks, decided to become musicians. And it was in 1980, says the pamphlet, that the Mariel exodus took place and that John Lennon was killed.

A young girl wears tight pants that have at least 100 U.S. flags sewn on them. It looks more like the prelude to the new Woodstock than Havana. The clock seems to have been turned back to the early 1970's, when psychedelics and hippies got together.

As I leave the park, I hear Gerardo's final wail: "I am doubtful, I am hungry!"

So am I, especially doubtful.

4. The Havana Biennial has just been held. It was a tribute to escape, to rafts, to flight, to departing for Miami. No one has cried out in alarm. Everyone has accepted—even BOHEMIA talks about it—that every day about 20 Cubans manage to get to the coasts of Florida on miraculous rafts.

5. For the first time, the Cuban Government has appointed a spokesman. His name is Miguel Alfonso. He goes before the foreign press as a *vocero* (spokesman) for the Ministry of Foreign Relations and tells us that every week he will answer any question we want to put to him. So much the better, because one of the problems the Cuban regime has always had and still has is communication with the press. Almost by definition, the foreign journalist is an enemy. Many officials firmly believe in the maxim "silence is golden." People are afraid to say anything until they can be oriented. And the best orientation is that which comes from above, from Fidel himself. But the commander is very busy preparing for his trip to Cartagena and dealing with the matter of the Cubans who have fled to the diplomatic headquarters of Belgium, Germany, and Chile (there were a total of 148 as of mid-June).

Many people would like to leave. Yes, it is true. Many do leave, but others stay. Luis Baez, one of the best informed journalists in Havana, talks about it in his latest book, which, in fact, is called "Those Who Stayed." His previous book was about "Those Who Left." Among those who have stayed are writers, artists, and thinkers. They still believe in the revolutionary dream.

"It is the difficult times that put men's character and mettle to the test," says Baez in the prologue to his book.

Difficult times in which stories of desperation are told. Because the situation is desperate.

Just ask my friend P.J. on the Central Committee. How many new holes will he have punched in his belt the next time I see him?

Teachers Leave Profession; Reasons Explored

94CA0127A Havana BOHEMIA in Spanish No. 11, 27 May 94 pp 26-29

[Article by Luis Sexto]

[Text] Our ears are constantly bombarded by the message that teachers are leaving in droves, and the voices bearing this message, in their rather disturbed tone, tend to paint a catastrophic picture of a problem whose details are not well known.

Is it true or not? It is true. There is an increase in resignations and transfers above and beyond the usual turnover. But it cannot be asserted categorically that Cuba is losing, year after year, its 250,000 teachers and professors. Right here would be the place to cite the overall statistics that the Education Ministry promised to give BOHEMIA, but they never came. And since this article cannot be put off any longer, I decided to make a first attempt, knowing that in the next few weeks more light will be shed on the matter.

The problem is upsetting to public opinion, and that is understandable. Education is one of the sectors that the people identify with most closely and are most interested in. Is it not the ideal and the right of Cuban society? And is it not usually the family's concern from the time a child turns five years of age? An exodus of personnel can be seen in other sectors: in basic and light industries, among aides at medical centers...for years, agriculture has been losing thousands of men. Although they play a fundamental role, however, these sectors are not as close to people's hearts. This may not be the way things should be, but it is a fact.

The exodus of teachers is so important that it is worth making an attempt to shed light on it without statistical tools, even at the risk of committing errors. I will take that risk. And if I need to be corrected publicly, I will have helped clarify an issue that is now being judged in a rather confusing and superficial manner by the public.

Education in No Danger

Initial inquiries with Education Ministry officials and leaders of the teachers union have confirmed the rise in resignations and transfers. Contrary to what one might expect, the schools are in no danger. There are enough teachers and professors to ensure that education will go on. The damage is confined to a few subjects: English, physics, physical education.... Also contrary to rumor, most of the former teachers have not gone into tourism;

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that may be true in one province or another, but not on a national scale. Teachers are spreading out among a number of organizations, and a certain percentage—which is the most disturbing—are staying at home rather than taking up a new line of work.

I should note that I am not totally without statistics. Thanks to the National News Agency (AIN), I was able to see data for four provinces. And these partial figures corroborate the assertion that the exodus exists, but has not attained the disastrous proportions that one might expect at first glance. They are not enough, however, to give a precise measurement of the phenomenon, because not only are they local, but they also are inconsistent. Education Minister Luis Ignacio Gomez revealed recently in Santiago de Cuba that no province is immune to the exodus. Judging by the numbers, though, it appears that in some provinces the number of departing teachers is on the rise, while in others it is minimal, within or below normal parameters.

In Camaguey, 384 teachers left the profession in 1990-91; 282 left the following school year, and 309 left in 1992-93. The resignations or transfers for the three school years combined yield an average departure rate of 2.6 percent for the province's teaching profession. In the first half of this school term, 130 teachers and professors asked permission to leave.

Cienfuegos, in turn, recorded an 8.5-percent departure rate in 1993. In contrast, in the first three months of 1994, the rate was less than 5 percent, an unprecedented level of resignations and transfers in this province. In Santiago de Cuba, the figure is a barely visible 0.2 percent. The same is true in Holguin, which has seen an average of 540 departures a year in the last five years, representing 0.02 percent of all teachers and professors.

Causes More Important Than Numbers

Now that the existence of the exodus has been admitted and recognized, it is more important to determine the causes than to quantify it for informational purposes. And that is a trickier job. There is not, in my opinion, a single cause, but a confluence of contributing factors. The official story is that teachers and professors are moving into other activities because they are being promoted to political or government management positions. I do not doubt that. I have visited municipalities in which the president and the vice president of the People's Government Assembly are teachers, and some of the chairmen of the people's councils are also teachers. We must accept the fact that, given their intellectual training, teachers and professors are ideal candidates for positions that require broad general knowledge.

Some of those leaving the field are also looking for work closer to home, or they are seeking jobs that provide better material incentives or demand less time and dedication. The reason for this, and high-ranking officials say this with pride, is that the Education Ministry has not relaxed its standards with regard to the discipline and dedication required of teachers.

And what about those who are staying home? Some do so because they have retired; others—we are speculating now—have asked to be relieved of duty and are making do without their teaching income because they cannot deal with the additional fatigue that working involves today.

And this latter point is essential. Any analysis of the exodus of workers in a given organization or sector cannot ignore the current situation in the country. The economic crisis is having the greatest impact on work, in that it tends to serve as a disincentive; a wage that can buy very little on the market provides little or no stimulus. This is especially true when, to earn that wage, the worker must endure the ordeal of getting to work and give up time that is needed to solve such pressing family problems as obtaining fuel for cooking and food to put in the pot. Thus, it is obvious that as a rule, when someone asks permission to transfer or to quit his job, he is responding to personal needs that cannot be put off.

There has always been an exodus from education, and from all other economic and social sectors. In a country where job opportunities have been ample and generous, and it has been relatively easy to change jobs, it is natural that there has always been a high turnover. This is even more understandable in education, considering that one of the drawbacks of large-scale education is that for a time, it also requires the large-scale training of teachers, with the unfortunate consequence that many graduates do not have the vocation or the aptitude for teaching. These personnel, pushed for reasons of expediency into a profession they do not love, are eager to leave it as soon as a more attractive opportunity arises.

From that point of view, the exodus is a kind of quality regulation, a purge of the teaching profession. Most of the teachers interviewed for this article feel that those who request transfers or resign are the ones with the least aptitude for teaching. This is somewhat true, but not entirely. A primary school teacher with 23 years of experience who changed jobs in 1991 confesses that she still feels the pain of that decision: "I loved my students and my school very much."

"Why did you leave?" I asked her.

"I felt very sad in the last few years. I regretted the lack of attention. In general, there was no hope in education. There was very little incentive, especially spiritual incentive."

Another Facet of the Problem

She was not the only one to point out the lack of incentives. All the teachers and professors I talked to—without trying to conduct a survey, of course—agreed that the time is right for each person to look for the position that best suits him or that best meets his

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individual or family interests. But when prodded further, they acknowledged the prevalence of frustrations or complaints about what they consider overwork. A few quotes suffice to give an inside view of the exodus:

A pre-university professor: "Those of us who remain in the classroom are unhappy; we believe that we have been relegated to oblivion."

A primary school teacher: "I love my profession; I chose it deliberately, but there has been no policy of material and moral incentives in our sector."

A secondary school teacher: "There is a lack of social recognition; many teachers feel frustrated. On the other hand, there is a lot of rigidity and stereotyping in teachers' lives and in the administration."

Others are bothered by the number of extracurricular activities they must engage in and by the inspection visits by their superiors, which they feel are excessive.

A primary school teacher: "I have stayed in teaching because I like it. Now I am getting out, and it makes me cry. If it were not for those insistent visits and the time I have to put into tasks outside the classroom, I would work a couple more years."

Another primary school teacher: "I am not afraid of the visits, but they are a burden. It is said that their purpose has changed, but they still seem to reflect the old policy. There is always criticism, and teachers get discouraged."

A primary school principal sums it up: "There is a lot of pressure on us; a lot of visits, a lot of paperwork. This has changed somewhat, but not enough. As for incentives, I have been principal of this school for 12 years, and only once have I had a chance to rent a house on the beach. How can I, as principal, stimulate my teachers, if I have to clean my office myself?"

Going Away and Coming Back

Teachers and professors feel that they are not given enough social recognition. They, and sometimes all of us, yearn for those days long ago when the teacher was perhaps the most important person in the community, a kind of self-sacrificing apostle who practiced his profession in an education system that was selective, or limited by government neglect. They were few in number back then.

The large-scale requirements of modern times, as I mentioned, have meant that some of the people entering the profession have reduced the prestige of teaching. Teachers want respect, said Jose de la Luz y Caballero, so let them respect themselves. And some did not respect themselves. In addition, there were wrong-headed policies that, with the stroke of a bureaucrat's pen, took away the teacher's authority. I remember the "promotionism" program, which to a certain extent perpetrated collective fraud, making teachers unwitting accomplices. They have not yet lived down that humiliation in the public's eye, and the schools are still spattered with mud.

But teachers today are a credit to the profession. The vast majority of them persevere; they continue to go to class, defying all obstacles and fulfilling their social mission. Who could fail to be impressed by these educators' attitude? Who could doubt their value as a spiritual guarantee for the country?

And they are right to be demanding incentives. All workers in Cuba need incentives. But it is impossible to distribute them under circumstances of extreme financial illiquidity. The rational thing is to promote the so-called "locomotive" sectors, the ones that produce hard currency. Later on, these sectors will pull the rest.

In essence, educators will have to rely on moral nutrients for their sustenance, on the spiritual reserves that lie beneath the surface of this eminently humane and humanist profession. But the Education Ministry and the teachers union should strive—and they are striving—to deliver goods and services to their workers. Limited-material houses are already being built, bicycles are being distributed, faculty food and dining facilities are being improved in the schools, and products from self-supply farms are being sold to teachers. In municipal jurisdictions in Santiago de Cuba, branches of the Educators House have been opened for recreation and professional consultation. In all municipal jurisdictions of Camaguey there are social clubs for teachers (I would have to visit them to report on their success).

Everything is gradual; in some places, the work is more intensive than in others. The policy, however, is real: to meet the individual's needs. And according to union sources, the exodus is slowing down. Two hundred teachers have asked to return to their jobs in Santiago de Cuba. Hopefully, we will soon know how many left, and how many have returned throughout the country.

AIN correspondents in Camaguey, Cienfuegos, Holguin, and Santiago de Cuba contributed to this article.

Haiti

CEP Official: Elections Might Take Place in November

FL2707175894 Port-au-Prince Signal FM Radio in French 1030 GMT 27 Jul 94

[Text] The next Haitian elections might take place during the first week of November. This is what Permanent Electoral Council [CEP] President (Balthazar Saimphar Line) announced to the press on 26 July. (Line) did not specify the nature of those elections, whether they will be legislative or presidential elections. This decision, he said, must be made by the executive. The electoral process will be made credible by how the organization is set up, the CEP president said, pointing out without further explanation that it is first a matter of respecting the Constitution. The CEP does not believe that we should depend on the international community for those elections, added (Line), while pointing out that he does

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not see obstacles to the presence of international observers. Please listen to an excerpt from his statements:

[Begin recording] [(Line)] The meeting was fruitful. All political parties without exception and with none disallowed will be convened and solicited.

[Unidentified journalist] Do you have the support of [words indistinct]

[(Line)] It is a CEP initiative. You know that according to the Constitution, the CEP is independent and holds elections quite independently. I do not have to ...[changes thought] I do not think the council has to decide whether the elections are possible or impossible. There are constitutional requirements. You know just like me that the mandates of the local elected representatives [mayors and communal section administrative council members] and deputies are expiring. It is a constitutional requirement to renew one third of the Senate, the Chamber of Deputies, and the local elected representatives. We are going to hold the elections. As to whether the conditions are appropriate or not: You know, they voted in Salvador during a period of civil war, they voted in Colombia in a period of civil war, they voted in Bosnia-Herzegovina, I do not see why we would not vote in Haiti during a period of embargo. [end recording]

It should be said that the first series of consultations of the CEP began on 26 July. The parties represented were the Mobilization for National Development, the National Patriotic Movement of 28 November, the Haitian Christian Democratic Party, and Assembly of Progressive National Democrats. According to the CEP communique, those talks will continue until 4 August in order to define better the election issue by obtaining—of course—the opinions of all sectors no matter what their leanings are. How to identify the voters, the presence of national and international observers, a legal framework for those elections are among the points that were tackled during this meeting on 26 July.

Legislators Question CEP Legitimacy

FL2707173594 Port-au-Prince Radio Metropole in French 1045 GMT 27 July 94

[Text] It should be noted that on 26 July some Haitian legislators expressed some reservations about the prospects of whether the Electoral Council could hold the future elections. Although the legislators do not contest the unavoidable fact that under the Constitution elections must be held, they do, however, question the legitimacy of the current electoral council whose formation had raised much protest.

PDCH 'Will Participate in the Elections'

FL2707213794 Port-au-Prince Signal FM Radio in French 1030 GMT 27 Jul 94

[Excerpt] The Haitian Christian Democratic Party [PDCH] will participate in the elections. PDCH President Joachim Pierre says he is ready to participate in the forthcoming general elections just announced... [pauses] just triggered by the Jonassaint government through a process of consultations with political parties on 27 July. Joachim Pierre thinks this is the last chance to get the country out of a deadlock. It is a chance that is passing by and it is the chance to take. [passage omitted]

Grassroots Groups Invite All Social Classes To March

FL2707210494 Port-au-Prince Radio Metropole in French 1600 GMT 27 Jul 94

[Text] The period from 28 July 1915 to 28 July 1994 totals 79 years since the U.S. invasion of Haiti. Haitian grassroots organizations intend to mark the day of 28 July with a march in Port-au-Prince. These organizations, including the Civic Initiative and Action Group [Groupement d'Initiatives et d'Actions Civiques] and the Independent Drivers Union [Syndicat Independent des Chauffeurs] invite all of the country's social classes to a demonstration that will begin in the Biscentenaire area on the afternoon of 28 July, to say no to occupation of the national territory. The theme of the march: Never! Nevermore!

Police Authorize Anti-Occupation March, Prohibit Weapons

FL2707211194 Port-au-Prince Radio Metropole in French 1900 GMT 27 Jul 94

[Text] The Port-au-Prince police have authorized the anti-occupation demonstration scheduled for tomorrow [28 July], a march called by grassroots organizations to mark the 79th anniversary of the U.S. invasion in Haiti. The military department of the metropolitan area, asserting that it has approved the request in compliance with the 23 July 1987 decree, indicates that measures are being taken to guarantee the security of the demonstrators, pointing out, however, that the demonstrators will be prohibited from carrying weapons during the march.

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Poll Shows Zedillo in Lead, Followed by Fernandez, Cardenas

PA2707201894 Mexico City NOTIMEX in Spanish 0209 GMT 26 Jul 94

[Text] Mexico City, 25 Jul (NOTIMEX)—The presidential candidate for the progovernment Institutional Revolutionary Party (PRI) would obtain 50 percent of the vote in the upcoming 21 August elections, according to a poll conducted by Indermec Louis Harris, the results of which were released today.

According to the poll funded by Mexico's National Chamber of the Radio and Television Industry, which surveyed 2,550 people from 82 communities in 25 states, 50 percent of the people would vote for PRI candidate Ernesto Zedillo.

The poll revealed that Diego Fernandez de Cevallos, candidate for the National Action Party (PAN), and Cuahutemoc Cardenas, candidate for the Democratic Revolutionary Party (PRD), would obtain 32 and 13 percent of the vote, respectively.

On 21 August, 45.7 million Mexicans will go to the polls to elect one president from among nine candidates nominated by the same number of parties, 500 deputies, and 96 of the 128 members of the Senate.

According to the survey, the other parties—the Labor Party (PT), Cardenist Front for National Reconstruction Party (PFCRN), Authentic Party of the Mexican Revolution (PARM), Mexican Green Ecologist Party (PVEM), National Opposition Union (UNO-Mexican Democratic Party) and the Popular Socialist Party (PPS)—would only garner 4 percent of the vote.

PT candidate Cecilia Soto Gonzalez would reportedly be able to maintain the party's legal status before the Federal Electoral Institute (IFE, highest Mexican electoral organ) with over 1.5 percent of the overall vote, which is the minimum required to keep the party alive.

Vicente Licona Galdi, general manager of the enterprise, said during a news conference that the poll cost 520,000 new pesos (a little over $152,000).

Report Examines Balance of Payment Figures

PA2607172594 Mexico City EL FINANCIERO in Spanish 22 Jul 94 p 4

[Report by Gustavo Lomelin]

[Text] Official figures released by the Bank of Mexico (Banxico) show that $8.268 billion left Mexico during April alone, leaving international reserves at $17.65 billion at the end of the month.

According to the central bank's figures, reported to EL FINANCIERO, during the past four months Mexico's balance of payments has been declining more and more. This is manifested in pressure on the capital and exchange markets caused by financial instability and political uncertainty created by the upcoming 21 August elections.

According to Banxico, an $8.9165 billion current account deficit (11.9 percent greater than the same period last year) was recorded from January to April. At the same time, the capital balance surplus barely reached $3.6277 billion, in other words, 71 percent less than during the same period in 1993.

The fall in foreign accounts is due basically to reduced foreign investments, the fall of Mexican stock on international markets, and, most especially, to capital flight because of investor nervousness following Luis Donaldo Colosio's assassination and the subsequent increase in general political uncertainty.

This situation has meant a $7.4732 billion drop in Banxico's reserves during April, which more than wiped out the $795 million increase reported in the first quarter.

The Mule of Six Has Been Hung [Ahorcada, La Mula de Seis]

The official figures for international reserves show a drop of $13.277 billion between April 1993 and April 1994. This means that Mexican Government's "options" [fichas] for handling "temporary" financial turbulence or exchange speculation are quickly running out.

The balance of payment position shows some red ink, if one considers that during June and July no Mexican bonds were sold on world markets. The only debt bonds were issued by the Durango Industrial Group, these were worth $150 million in *Yankee* [preceding word published in English] bonds. Between January and May, 16 bonds worth $3.897 billion were issued.

Reports by banks and foreign brokerage firms indicate that the total issue of Mexican bonds amounted to $3.72 billion during the first quarter and only $825 million between April and June. According to official information, over the past 41 days foreign bond financing has "dried up," and private sector sales have diminished considerably. Of the 16 debt issues offered through May, most were by Mexican Petroleum (Pemex), National Finance (Nafin), and the National Foreign Trade Bank (Bancomex).

It should also be mentioned that these offers were made at a higher cost (a couple of points above last year's average) and for shorter terms (three to four years as opposed to five or six in 1993).

Regarding share offers, according to the National Securities Commission (CNV), there were only four international offers in the past month: Banpais, for 458.4 million new pesos; Sidek Group, for 312.8 million; Desc, for 343.2 million; and Durango Industrial Group, for 417.4 million new pesos.

Dangerous Tendency

Privately, Mexican Government officials have not been able to hide their concern over the deterioration of

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foreign accounts, even though they consider this "to be temporary and passing" and believe that after 21 August "this nervousness" will be overcome.

"I hope we will be able to hold out until the elections," business analysts said, warning that since the monthly current account deficit increased to an average $2.229 billion between January and April, this means that a similar amount of foreign exchange was spent in May, June, and July.

If one figures that zero capital flowed into the country between May and July 1994, at the end of this month the country's international reserves will close at $10.378 billion. This does not take into account the approximately $7 billion line of credit awarded to the Mexican Government by the Federal Reserve (Fed) and the Treasury Department after Colosio's death.

According to information from the CNV, during the first half of 1994, foreign investment in portfolios showed a positive flow of $3.7134 billion, through which the balance reached $46.445 billion.

Official sources said, however, that this semestral positive flow resulted from capital flow in the first quarter, because there has been a net negative balance in capital flow into the country in June and so far this month. Even money market operators said that "even if there had been major foreign investment earnings, domestic interest rates would not have risen."

From May until now, yields have moved slightly, but the leading rate for 28-day CETES [Treasury certificates] jumped from 16.49 to 17.66 percent while that for 91-day Tesobonos [Treasury bonds] went from 7.25 to 7.35 percent.

According to Banxico, by the end of April investment totaled $21.605 billion in Tesobonos and $34 billion (107.352 billion new pesos) in CETES. By the end of June, however, those figures were $24.1 billion in Tesobonos and $26.8 billion in CETES (91.202 billion new pesos).

Exchange Pressures

According to official figures, in the past two months (May and June), $4.705 billion of the government debt has been transferred to another type of investment, basically to dollars, because the Mexican Stock Exchange (BMV) continues to fall. The Prices and Quotations Index (IPC) has dropped 14.21 percent this year.

Private sector analysts believe that the situation explains the increasing pressure on the exchange market that has caused a 9.9 percent devaluation of the peso vis-a-vis the dollar so far this year. The peso has also been at the highest point of the floating range in the past weeks.

Only yesterday, the floating dollar closed with increases in its three values. The same day, the 24-hour contract price increased 0.005 new pesos, while the spot price increased 0.0013. It ended above the highest point of the floating range: 3.3938 buying and 3.4058 selling.

In general, officials in the Finance and Public Credit Secretariat (SHCP) and directors of the private banking sector expressed their concern over activities in the exchange and money markets, as well as over the growing imbalance in foreign accounts.

However, while Mexican authorities consider those movements "temporary" and maintain that adjusting the increase in interest rates and using international reserves will be enough to protect the exchange parity from pre-electoral political disturbances, banking officials are increasingly anxious.

BALANCE OF PAYMENTS 1992-1994 (in millions of dollars)

ANNUAL		JAN-APR		ABSOLUTE VAR.		RELATIVE VAR.	
1992	1993	1993	1994	ANNUAL	JAN-APR	ANNUAL	JAN-APR
(A)	(B)	(C)	(D)	(B-A)	(D-C)	(B/A)	(D/C)
Trade Balance							
- 15933.6	- 13480.8	- 4674.2	- 5728.0	2452.8	- 1053.8	—	—
Balance of unbilled services [Balanza servicios no facturados]							
- 2296.2	- 1675.7	- 266.3	- 209.2	620.5	57.1	—	—
Balance of billed services [Balanza servicios facturados]							
- 9594.8	- 10923.6	- 3419.2	- 3807.9	- 1328.8	- 388.7	—	—
Net Transfers Balance							
3020.4	2687.0	795.6	828.6	- 333.4	33.0	—	—
Current Account Balance							
- 24804.2	- 23393.1	- 7564.1	- 8916.5	1411.1	- 1352.4	—	—
Capital Account							
26542.3	30882.4	12528.9	3627.7	4340.1	- 8901.2	16.35	-71.05

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Errors and ommisions							
- 564.6	- 1449.0	568.6	- 2182.1	- 884.4	- 2750.7	—	
Gross Reserve Variation							
1161.4	6083.2	5554.5	- 7473.2	4921.8	- 13027.7	—	—
Net Reserve Variation							
1173.5	6040.3	5533.4	- 7470.9	4866.6	- 13004.3	—	—

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Honduras

Disagreement Over Haitian Refugees Continues

'Sharp Controversy' in Legislature

PA2707040594 Mexico City NOTIMEX in Spanish 2209 GMT 26 Jul 94

[By Salvador Borja]

[Text] Tegucigalpa, 26 Jul (NOTIMEX)—The possible admission of Haitian refugees to Honduras has sparked a sharp controversy between members of the government and deputies opposed to the arrival of the Caribbeans "without receiving anything in return."

Honduran Foreign Minister Ernesto Paz Aguilar said yesterday that the country "might" receive the Haitians in view of the U.S. threat to deny Honduras its vote at a time when Honduras is hoping to occupy one of the five nonpermanent seats on the UN Security Council.

According to government sources, Honduras has the support of the Nonaligned Movement countries and of the Group of Latin American and Caribbean Countries, among others, in the election of the nonpermanent members of the Security Council slated for next October.

Deputies of the two largest parties in Honduras, the Liberal Party of Honduras (the ruling party) and the National Party of Honduras [PNH] (the opposition), oppose receiving Haitians, particularly after learning that other Central American nations refused to give them shelter.

The conflicting stands motivated Raul Pineda Alvarado, opposition deputy and vice president of the PNH wing, to present a proposal to summon the foreign minister over the alleged decision to grant refuge to thousands of Haitians. The foreign minister answered that "he would be glad" to go to Congress to clarify the Haitian situation.

Differences between members of the cabinet of President Carlos Roberto Reina, who assumed office 27 January, and the deputies are exacerbated by the grave economic crisis affecting over 5 million Hondurans. Honduras has a foreign debt of $3.6 billion and a fiscal deficit of 11.2 percent, in addition to facing an energy shortage for the last five months that has forced electricity rationing to 12 hours daily.

In the face of this bleak economic outlook, Reina's government is negotiating an agreement with the IMF that will allow it to obtain approximately $450 million in "fresh" money. The authorities feel that if an agreement is not reached with the IMF during the first two weeks of September, the country might be denied credits while the debt for current commitments will exceed $230 million.

Some legislators feel Honduras should be compensated if it receives the Haitians inasmuch as it would be making a "big sacrifice" in view of its acute economic crisis.

Meanwhile, official sources have said that the Haitians will be lodged on Swan Islands in the Caribbean. In the past, members of the former Nicaraguan Resistance (contra) were sheltered there. The islands were also used by the United States to wage an electronic war against Cuba.

Over the past decade Honduras has received from Guatemala, Nicaragua, and El Salvador over 100,000 refugees, who, according to official reports and due to a lack of adequate control, destroyed forests and caused various social problems.

Foreign Minister Reiterates Support

PA2707145694 Tegucigalpa Voz de Honduras Network in Spanish 1045 GMT 27 Jul 94

[From "The Morning Paper" newscast; passages within quotation marks recorded]

[Text] People are confused. There are confusing reports, chiefly about the number of refugees Honduras will be accepting. At first, some said 40,000 Haitians would be arriving in Honduras. During public appearances, for example during the "Topics and News" program broadcast by Telesistema Hondureno television network, Foreign Minister Paz Aguilar said 5,000 Haitian refugees will arrive in our country. If the Congress summons me, I will go, Paz answered. Carlos Medrano has the report.

[Medrano] Despite the Honduran people's widespread rejection of the government's decision to accept Haitian refugees in the country, Foreign Minister Paz Aguilar continues voicing his support for the Haitians' arrival. The benefits for this country would be huge, he affirmed.

[Paz] "We are announcing [words indistinct] what we said yesterday, that this is in the Honduran national interest and is in line with Honduran foreign policy priorities.

[Unidentified reporter] "Deputies do not understand this abrupt shift in Honduran foreign policy. Earlier we said no, and now we are saying yes.

[Paz] "I believe they will understand it in due time when it is explained to them. I repeat that Honduras is negotiating its participation in solving the crisis in Haiti. I reiterate that we are trying to address first the priorities of our foreign policy, second Honduras' national interest, and third the defense of moral and ethical values upheld by the government."

[Medrano] What is Honduras negotiating specifically with the United States?

[Paz] "In the matter of foreign policy priorities, in multilateral bodies, we are trying to join the UN Security Council. As for regional interests, we are ready to contribute to solving the crisis in Haiti in a way where our participation would contribute to resolving our crisis.

[Reporter] "The economic crisis?

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[Paz] "The general crisis our countries are experiencing. Third, we want to promote the values we have defended. We now have the opportunity to put into practice the things we preached (?in theory) and during the campaign. Democratic solidarity means taking specific actions to reinstate Haiti's legitimate authorities. I repeat, by defending Haitian democracy we believe we are defending Honduran democracy."

[Medrano] In general terms, the two blocs in Congress, the Liberal Party and National Party of Honduras, oppose the idea. There is an initiative, however, that says the Haitians should go to Swan Island, provided the United States supplies us with two thermoelectric plants and gives Honduras economic assistance and other benefits. What is your position?

[Paz] "Those are the lawmakers' opinions. We have taken note of them. I insist and repeat: we are negotiating."

[Medrano] Now, how important is it to be a member of the UN Security Council, if we allow this kind of measure to be imposed on us?

[Paz] "Honduras is a founding member of the United Nations. It has aspired to be a candidate many times. We have been disqualified precisely because our foreign policy has not been independent and in line with the principles of international law. Honduras in the 1990's has a leading role in Central America. It meets the conditions and has those possibilities. We have worked patiently and effectively for that candidacy. We have done what we believe is right in trying to reach that (?post). We have made the decision and taken the steps that enable us to be on the threshold of the Security Council. The importance of it? I would say it would reinforce our position internationally. I told you on other occasions that my mission as foreign minister is to improve, change, transform Honduras' image. It is up to the government to transform the reality of the country. It is up to me to transform the country's image."

[Medrano] Those were remarks by Foreign Minister Paz Aguilar. He fully endorses the arrival of Haitian refugees in the country.

President, Foreign Minister Comment

PA2807000394 Tegucigalpa Voz de Honduras Network in Spanish 1616 GMT 27 Jul 94

[News conference by President Carlos Roberto Reina and Foreign Minister Ernesto Paz Aguilar with unidentified reporters at the Foreign Ministry in Tegucigalpa—live]

[Excerpts] [Reina] Journalists and reporters from the various media in our country: It is always a pleasure to speak to you about the problems in the country, about topics of current importance, because we are all contributing to inform the people, a basic principle. Only an informed people can be free, as has been said in all forums of America. To be free, the information must be relevant. I am at your command.

I am going to make a brief comment because we are here to inaugurate a human rights seminar. The case of the Haitian refugees has been discussed, but I have not heard a single comment about the humanitarian duty to receive refugees. That point has been disregarded perhaps due to a misunderstanding of this field.

What is a refugee? A refugee is a person who crosses a border or reaches a foreign beach to save his life. If a man clinging to a piece of wood reaches a foreign shore to save his life, would anyone here ask him: Please, sir, show me your passport to see whether you have a visa to come to this country. That would be universally condemned. That is a refugee.

There are international treaties regulating the ways to receive and handle refugees, and that point is the important part of this issue, that is what we must discuss. The rest is circumstantial. Even though the foreign minister has already explained it, I do not know from where the 40,000 or 45,000 refugee figure came. I do not know whether someone was being naive or whether someone was playing a joke on someone else. A city such as La Ceiba has about that many people. I ask myself, from where did they get that figure?

The request to receive refugees has come from the six Central American presidents; that point has not been mentioned. I want to say this at this time because we are inaugurating a human rights seminar. Those who have been refugees know how hard it is to become one.

I can totally understand why a country with the problems Honduras has today can be frightened when told 45,000 refugees will be arriving; that statement is incorrect. There are no figures either. That is being discussed depending on the circumstances. Approximately 200 refugees came here the last time. We still have the problem of the 35 refugees who are at Bonito Oriental now. We have also heard about the refugee camps during Cold War tensions. That point said, I am now available for questions about this or any other issue. The foreign minister is here with me.

[Reporter] [Words indistinct]

[Paz] We could repeat three fundamental ideas that we mentioned during the "Topics and News" television program last night. First, Honduras is considering taking in Haitian refugees for humanitarian reasons. Second, Honduras believes we are defending democracy in Honduras by defending democracy in Haiti. We are doing it in strict adherence to the Constitution, which in Article 15 states our country shall defend the principles and practices of international law that promote human solidarity, peace, and universal democracy. Third, our government has decided to contribute to the solution to the crisis in the fraternal country of Haiti. We hope the

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international community will help us solve our own problems and crisis. That is basically it.

[Reporter] U.S. Ambassador William Pryce has said the Haitian refugees will be received as an act of generosity by Honduras. He is saying, in other words, it is not being done as a result of a negotiation. The Central American countries have signed an alleged joint communique promising to receive the refugees, but the presidents of Guatemala, Costa Rica, and Nicaragua said hours later they are not going to receive the refugees. Why is this?

[Reina] You are putting me in a difficult situation. If they fail, must we fail too? The communique is there. Certain explanations are given. It is being said that a country which is in a process of transition following a war and which has small territories could have an excuse not to accept the refugees.

The call has been made, however, by the six presidents; that is the fundamental part. They all agree the refugees can be received in Central America even though certain countries may claim they do not have the proper conditions to receive them.

The six presidents have made a formal request. I also want to note the word negotiation has been misinterpreted. It is being interpreted as: Give me something, and I will give you something in return. Negotiation can be a talk to reach an agreement. For example, discussing the number of refugees is part of a negotiation. To say for how long is also part of a negotiation. To say where they are going to be located, who will pay for the transportation, who will pay for food, and who will pay for expenses is also part of a negotiation. A negotiation does not necessarily mean we are asking for something in exchange because human lives are involved here.

Fundamental values are involved here. We talked about this point a few minutes ago at the Francisco Morazan Room of this building. We cannot put a price on a humanitarian act. We are only talking about logistical conditions.

[Reporter] [Words indistinct]

[Reina] Honduras has a large energy problem, regardless of the refugees. The problem is there with or without refugees. Honduras' requests for international solidarity were not made today; they were made when the crisis began. We are seeking solutions, and we hope to find them soon.

The other circumstance makes the presence of the refugees more dramatic. I share your concerns and the concerns of the Honduran people in this matter. When you are told there is no electricity, no food, there is a drought, and 45,000 Haitians are on their way, everyone is frightened, but that is not the point. The point is we have an obligation with the United Nations. We have authentic refugees facing serious difficulties. Our request for assistance in the energy field is not interrupted, changed, or modified with the presence of the Haitians. The request is maintained. They are separate issues. [passage omitted]

[Reporter] I would like to return to the previous topic. It is said the change of policy in Honduras, the decision to receive the Haitians, is because the government wants Honduras to have a top position at the United Nations, as a nonpermanent member. We would like to know about this issue. What are the negotiation aspects to receiving the Haitians? What is the maximum number of refugees the country can receive?

[Reina] There is a commission negotiating this issue; they are discussing this issue because the word negotiation sounds awful. Honduras' admission into the UN Security Council has nothing to do with the Haitian refugees. It is just a point in the strategy of Honduran foreign relations. I heard people say it is not important. It is easy to give opinions on topics about which one does not know.

To be a UN Security Council member is to be part of the most important organization of the world's policies. As a UN Security Council member, Honduras will be able to contribute to the discussion of solutions for world peace, for the defense of human rights, and so on. There has been no change.

When we were told refugees would be sent here, the first reaction was we could not receive them because we still had the problem of the 35 Haitian refugees from the 200 that came here the last time, an issue we have been unable to resolve. It was said all [words indistinct] in a very forceful manner by the United Nations. We have been discussing the details. I am not going to give you the details because we are still discussing them. I am sure there are not going to be more than 4,000 or 5,000 Haitians. I do not know who got that 45,000 figure. I agree the figure could have alarmed anyone. [passage omitted]

[Reporter] Going back to the issue of the Haitians. There is much confusion among the Honduran people, surely due to a lack of information from government officials. There was a series of figures and reports. The government first said the Haitians would not come; then it changed its mind. The other Central American countries refused to participate in this matter. Honduras was left alone. Why? I am asking you because we have not received a specific answer. Another point. You speak of 5,000 refugees in Honduras. What is the number of refugees coming to Central America?

[Reina] The figure has not been discussed yet. The other Central American countries have given explanations. They say they may have problems in receiving the refugees. Concerning the fact Honduras is fulfilling its obligation before the international community and is saving the region's face and is not being indifferent, is that good or bad?

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[Reporter] We have the same problems the other Central American countries have.

[Reina] We are being more receptive to the suffering of others. I believe it would be a very positive thing for Honduras as long as the refugees are not going to cause the problems we have had with other refugees.

[Reporter] Was the decision to receive the Haitian refugees a unilateral, Honduran initiative? Was it a request from the United Nations or from the United States?

[Reina] It is a request made by the United Nations through several Central American countries; that is from whom Honduras has received the request.

[Reporter] I have a question on the Haitian problem and on the Air Force issue. Central American countries claim they have small territories and that this reason is why they cannot accept the refugees. Perhaps Honduras has a larger territory. Why not make a single bloc and ask the United States, being the most powerful nation on earth, to take in these refugees and not subject these Central American countries to these situations. The Central American countries are certainly worse off than the most powerful nation on earth. The other question, there is a document accusing two high-ranking Honduran military officers of corruption. The document is not signed, but does it represent a challenge to the moral revolution you proclaimed during the campaign? Will you face this challenge, beginning with these two military officers?

[Reina] An investigation into something of this nature would strengthen the moral revolution, and this case is being investigated. I believe I will have the first report on this case by 2 August. If you say challenge in the sense this situation represents a test, I say yes; that is exactly the way it is.

Regarding the other question, the United States claims it is already hosting more than 1 million Haitians, more than 1 million Salvadorans, etc., and they see this as a valid reason for receiving no additional refugees or immigrants; this is a U.S. prerogative.

[Reporter] I believe the foreign minister wants to add something to this point.

[Paz] I want to say the problem has become unbearable for the international community. This problem started as a domestic one, but the situation became an international problem as a result of the inability of those governing Haiti at this time to resolve their domestic problems.

There are 1 million Haitian refugees in the United States, another 1 million in the Dominican Republic, and thousands of refugees on the islands near Haiti. There is a series of small Caribbean states that have contributed to the resolution of the crisis. I want to say the refugees are the result of a problem, not the problem. The problem is how to restore democracy in Haiti, how to restore that country's legitimate authorities and in this way prevent a massive tide of refugees to the United States or any other country.

Reina Discusses Costa Rica Visit, Economic Proposals

PA2607223594 Tegucigalpa Telesistema Hondureno Television Network in Spanish 0000 GMT 22 Jul 94

[From the "This Very Day" newscast; passages within quotation marks are recorded]

[Text] President Carlos Roberto Reina will try to persuade Liberal deputies tomorrow to support the so-called unfair economic package [paquetazo]. Upon returning from Costa Rica, the president said the economic measures have acceptance among the directors of Congress.

President Carlos Roberto Reina returned to the country today after a 24-hour visit to San Jose, Costa Rica. Here is what President Reina said:

[Reina] "The conclusions of that meeting were excellent. The basic criteria held by Ecuador, Colombia, Panama, Guatemala, Nicaragua, Costa Rica, and Honduras has been one of unity among banana-exporting nations, a sincere union, a conceptual union as a mandate of the current times for when we have to negotiate in top economic forums; this union has allowed us to make preparations for a joint declaration, where this [words indistinct] union is reflected."

Along domestic lines, the Honduran president said he will [word indistinct] together with his government cabinet the Liberal wing tomorrow to approve the package of economic measures.

[Reina] "I am going to explain to them upon which bases this document was drawn and the reason behind each proposal, as someone who proposes something and defends it. The truth is, I do believe this is the best solution; furthermore, I have approached the directors of Congress [words indistinct], and they are willing to approve it. I believe we will have these proposals approved."

President Reina also said he will import basic grains if there is a need to do so:

[Reina] "I do not see why basic grains cannot be imported nor why there is an attempt to make this issue appear as an illegality [words indistinct]. Basic grains will be imported if necessary."

In addition, President Reina reiterated Honduran participation in a multinational peacekeeping force in Haiti but not in a military invasion of that Caribbean nation.

In conclusion, the president appeared annoyed he and his cabinet had been described as irresponsible by the former SECOPT [Secretariat of Communications, Public Works, and Transportation] minister.

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[Reina] "I have been informed of that term as stated by a former minister. I believe the president of the Republic must be respected. To call him irresponsible is an irresponsibility."

Government Supports Salinas To Head WTO

PA2707201994 Mexico City NOTIMEX in Spanish 0138 GMT 23 Jul 94

[Text] Tegucigalpa, 22 Jul (NOTIMEX)—The Honduran Government announced today that it will support the candidacy of Mexican President Carlos Salinas de Gortari to become the first director general of the future World Trade Organization (WTO).

Honduran Foreign Minister Ernesto Paz Aguilar told NOTIMEX that Honduras' support for Salinas de Gortari—who will finish his six-year term on 1 December 1994—was conveyed to the Mexican authorities.

"The news was already disclosed, through a note from the Honduran Foreign Ministry to the Mexican Foreign Ministry, expressing our support for President Carlos Salinas de Gortari," Paz Aguilar stressed.

The WTO will replace GATT as of 1 January 1995.

Nicaragua

Government Officials Comment on Helms Amendment

Chamorro Downplays U.S. 'Pressures'

PA2807002594 Managua BARRICADA in Spanish 27 Jul 94 p 4

[Text] Managua—Nicaraguan President Violeta Chamorro warned yesterday that the United States "can say whatever it wants" regarding the problem of land confiscated by the Sandinist government. She added the problem will be solved in Nicaragua, not abroad.

Chamorro downplayed pressures which, according to the local press, are being exerted by U.S. Congressmen Jesse Helms, a North Carolina Republican, and Robert Torricelli, a New Jersey Democrat.

Helms is one of the authors of the so-called Helms-Gonzalez Amendment, which froze the disbursement of U.S. economic aid to countries in which U.S. citizens have pending lawsuits on confiscated properties.

According to the amendment, Managua must settle the lawsuits presented by the U.S. citizens before 29 July; otherwise, the U.S. economic aid to Nicaragua this year, estimated at $60 million, will be frozen.

"They can say whatever they want. Mr. Helms can say anything he wants in the United States, but our problems are settled here (in Nicaragua)," Chamorro said.

Foreign Minister Comments

PA2707195394 Managua Sistema Nacional de Television Network in Spanish 0200 GMT 26 Jul 94

[Report by Maria Lourdes Osorio from the "National Newscast"; passages within quotation marks recorded]

[Text] The Helms amendment will not affect Nicaragua, because the government is resolving the problem of property of U.S. citizens in accordance with domestic instruments recognized internationally, Foreign Minister Ernesto Leal has said.

[Leal] "What the amendment does is propose several alternatives to those countries that have problems with property belonging to U.S. citizens. One of those alternatives states that a country must have an internal administrative system in accordance with international law to resolve the problem of property. We have that system; it is working. Indemnity bonds are being received, and property is being returned to U.S. citizens, as well as Nicaraguans and citizens from other parts of the world.

"We will not solve the property issue by 29 July. That must be absolutely clear. The property issue is one of the biggest problems facing our government. What we can state categorically is that we are indeed in the process of solving the property problem. We hope to be able to get this problem out of the way by 1995-1996."

On another subject, the foreign minister ruled out the possibility that Nicaragua could receive Haitian refugees.

[Leal] "The second point of the declaration of the Central American presidents basically made receiving Haitian refugees conditional upon the impossibility existing in some states, where there are problems of repatriated, disarmed and demobilized individuals, who are in the process of returning to civilian life."

Leal reported that the government, through the Army and Government Ministry, will reinforce territorial waters to fight gun-running and drug trafficking activities. During a news conference, Minister Leal termed his tour of China, South Korea, and Japan successful. He said Central America was able to obtain economic cooperation in China worth nearly $70 million.

Leal remarked that Taiwanese businessmen will soon sign an agreement with COSEP [Higher Council of Private Enterprise] to set up a new enterprise in the free zone.

[Leal] "A new enterprise will be set up at the free zone to manufacture the international brand Perry Ellis, which is a trademark of clothing principally for export to the U.S. market."

The South Korean Government offered Nicaragua $40 million in assistance. Among possible investments are a bus assembly company and technology in the energy sector, among others. Regarding Japanese cooperation, Leal said:

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[Leal] "Thirty million dollars of cofinancing through the World Bank have been approved. We requested an additional $30 million in cofinancing through the World Bank for next year, 1995."

Lacayo Notes Government Confidence

PA2807024194 Managua Sistema Nacional de Television Network in Spanish 0200 GMT 27 Jul 94

[Report by Claudia Sirias; passages within quotations are recorded]

[Text] The government is confident Nicaragua will not be included on the list of countries affected by the Helms-Gonzalez Amendment, but the government has launched an investigation into weapons trafficking to Colombia.

Presidency Minister Antonio Lacayo has said the Helms-Gonzalez Amendment is aimed at derailing the democratic process:

[Lacayo] "Nevertheless, we believe, as a country that has been developing domestic guidelines to resolve those issues related to properties confiscated from U.S. citizens, we will not be included among those countries affected by the Helms-Gonzalez Amendment when the 90-day period expires at the end of the month."

Lacayo has also said the government has no doubt whatsoever the United States understands that no government has done more to resolve property controversies than the Chamorro administration:

[Lacayo] "It would be completely unfair and illogical toward this government, therefore, to penalize an administration that has done much to resolve U.S. property controversies. The problem is property cases have been accumulating in Nicaragua due to decisions adopted by a past administration that no longer controls the country. The U.S. Government understands this point quite well, and most of the U.S. senators are perceptive and rational people."

Lacayo has said, however, the Nicaraguan and Colombian Governments are following through with investigations related to alleged weapons trafficking:

[Lacayo] "All of this definitely concerns individuals involved in weapons trafficking, here as well as in El Salvador, Honduras, and even in Costa Rica. Weapons are being transported all over Central America. Even though we are all taking serious steps to abolish this trade, we still have been unable to destroy all the weapons that were in civilian hands."

The presidency minister has also commented on the presidential aspirations of Ramiro Gurdian, president of the Higher Council of Private Enterprise:

[Lacayo] "I know of his background as a banana grower. Let us wait and see how he feels about other issues."

Finance Minister on Property Cases

PA2707154494 Managua LA PRENSA in Spanish 21 Jul 94 p 12

[Report by Fidelina Suarez M.]

[Text] Addressing the issue of confiscated properties, which many economists and politicians deem the Achilles' heel of Violeta Chamorro's administration, Finance Minister Emilio Pereira said yesterday that some 2,000 confiscated property cases that were not submitted to the revision process established by the government have been forwarded to the Justice Prosecutor General's Office, where the original owners will be able to fight in court for these properties.

In a long speech on the scope of Law 180, which deals with the appraisal of bonds, Pereira explained that 9,519 out of the 12,029 cases that were filed under Law 85 were revised, leaving 2,510 cases pending.

The Finance Ministry [Mifin] has set June 1995 as the deadline for completing revision of these cases, including those involving the mansions that Sandinist leaders and their relatives took over in Managua's exclusive neighborhoods.

Under Law 86, which deals with plots of land given away during the transition, 90,000 cases were filed, of which 37,782 were revised, leaving 52,482 [figures as published] cases pending. The date set for finishing the revision of all these cases was June 1996. Hundreds of residents of Managua neighborhoods to whom the Managua Mayor's Office simply gave a small piece of paper in 1990 are among this group.

The number of cases of confiscated rural land amounts to 10,382, of which 7,536 were revised, leaving 2,846 cases pending. This process ends in June 1995.

According to a Finance Ministry document, the number of cases filed under these three laws enacted by the Sandinist government a few hours before handing over the Presidency in 1990 amounts to 117,000, filed under Laws 85, 86, and 88. Approximately 56,368 cases have been revised so far, leaving 61,595 cases pending. These two figures add up to 151,963 [figures as published] cases.

The Mifin document also reveals that so far, 5,288 people are claiming 15,985 properties.

Pereira seized the opportunity of the conference to talk about the good aspects of Law 180, which according to him will allow the bond prices to be increased by up to 45 centavos.

Luis Raul Cerna, president of the Bondholders Association [Asociacion de Tenedores de Bonos], accompanied Minister Pereira. The National Federation of Owners of Confiscated Property, headed by Dr. Ariel Solorzano, rejected this law.

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Solorzano has said on many occasions that the Nicaraguan people will pay for the Sandinist's "pinata giveaway." Nevertheless, he added that if a confiscated owner decides to accept the bonds, he is free to do so.

So far, the government has issued 911.1925 million cordobas worth of bonds, which spokesmen of the National Federation of Owners of Confiscated Property believe lack any type of support, therefore embodying a lie with which the government is trying to convince the U.S. Government that Nicaragua has a mechanism to solve the issue of confiscated property.

Panama

President, Israeli Officials Discuss Plane Accident

PA2807020594 Panama City Circuito RPC Television in Spanish 2300 GMT 27 Jul 94

[From the "RPC Television News" newscast]

[Text] Representatives of the Israeli Government have met with President Guillermo Endara and other government officials at the Palace of the Herons to exchange views on the investigations into last week's ALAS airplane accident in which 21 people, mostly Jews, died.

The Israeli diplomatic delegation, headed by Ovadia Eli, Israeli parliament vice president, parliament spokeswoman Ruth Kaplan, and Ya'acov Brakha, Israeli ambassador to Panama, met later with Legislative Assembly President Arturo Vallarino and a group of legislators. The Israeli representatives believe the Panamanian Government will make every effort to ensure the investigations into the fatal ALAS flight will yield results.

As he left the meeting, Brakha told the media his government is willing to cooperate with Panama in the fight against terrorism:

[Begin Brakha recording] We did not discuss cooperation per se, but Israel is always willing to analyze any petition on security, because we believe we must have international unity and cooperation in the fight against violence and terrorism. [end recording]

Meanwhile, Foreign Minister Jose Raul Mulino said security will be tightened to prevent additional terrorist attacks:

[Begin Mulino recording] I told him the Panamanian Government wants to tighten security at all levels and meet the requirements to prevent these sad and sorrowful incidents, where innocent people, who undoubtedly have nothing to do with the causes that triggered this atrocity, died. [end recording]

Endara Pardons Former Chief of General Staff

PA2707225494 Panama City LA PRENSA in Spanish 23 Jul 94 p A-1

[Report by Ibeth Vega G.]

[Text] Yesterday, President Guillermo Endara signed a pardon for Roberto Diaz Herrera, former chief of the Defense Forces General Staff, who will no longer have to face a five-year prison sentence for conspiring against the military regime of Manuel Antonio Noriega.

The pardon was published yesterday in the Official Gazette by Executive Decree No. 318, issued 24 June 1994.

Through this decree, Endara pardons the five-year prison sentence against Diaz Herrera, a sentence which was imposed by a decision issued on 22 December 1987.

Franklin Nunez Morcillo, Gabriel Enrique Pinzon, Zoroel Diaz Herrera, Jorge Adrian Caceres, Alberto Javier Cubillas, Gregorio Escobar Morales, and Javier Begazo Villanueva also received pardons. Those individuals had received five-year sentences for an attempt against state security under Noriega's rule.

Following his forced retirement as chief of the General Staff, Diaz Herrera publicly denounced acts of corruption that involved the military leadership, and Noriega ordered his arrest.

According to the decree granting the pardon, "it is common knowledge the actions blamed on the citizens mentioned above, and for which they were sentenced, obviously constitute political crimes."

The document states subversion and opposition to the military dictatorship, far from being reproachable, should be referred to as a "praiseworthy act."

Certain sectors of the country have expressed their opposition to Endara's decision to pardon Diaz Herrera, because, according to them, Diaz Herrera confessed he committed such common crimes as the illegal sale of visas to Cuban citizens.

Endara has reiterated the pardon was granted for political crimes, and if Diaz Herrera has any pending trials for common crimes, he will have to face them.

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Argentina

'Possibility of a Rupture' Exists in Ties With Iran

PY2707151894 Buenos Aires NOTICIAS ARGENTINAS in Spanish 1236 GMT 27 Jul 94

[Text] Buenos Aires, 27 Jul (NA) — Foreign Minister Guido di Tella did not reject the possibility of breaking diplomatic relations with Iran if it is established that it had a direct or indirect participation in the attack against the seat of the Argentine-Israeli Mutual Association [AMIA].

Di Tella stressed that the possibility of a rupture exists "with any country" that the courts find responsible for participating in the attack, and he added that if any member of the Iranian Embassy is called to testify, he will be asked "to waive his diplomatic immunity."

The foreign minister emphasized that the government will "act harshly and immediately with anyone if it is established that the person is linked to the attack," and he said that "extraditions will be requested and every type of internal and external measure will be taken."

The minister indicated that he had no information that links members of the Iranian Embassy with terrorist groups, and he said that the report stating that the current Iranian ambassador to Argentina, Hadi Suleiman Pour [name as received], was expelled from Spain due to his links with fundamentalist groups "has not been confirmed."

He added that he had asked the Venezuelan ambassador to Argentina about the motives as to why four and four Iranian diplomats had been expelled from that country, although he admitted that "maybe there is no relation to what happened in Argentina, but we do want to know what unleashed tense relations between Iran and a friendly American country."

He also explained that the decision to submit the case to the UN Security Council is due to the fact that terrorism "has become a major international problem affecting peace, and it is also calling the Middle East peace process into question in the streets of Buenos Aires."

"In this case Argentina, the state of Israel, the Argentine Jewish community, and all of the world's peaceful communities are the victims of terrorism," he said in remarks published today in some Buenos Aires newspapers.

Asked about the causes as to why Argentina was selected as the target, the foreign minister said that "it was not due to internal security nor to the foreign policy."

"Security in the country has improved a lot, and as to the foreign policy, there are many countries that have similar positions and have not been attacked in this way," he said.

He considered that "it is a phenomenon of world terrorism that affects peace," and he added that "if Argentina was made up of 33 million ostriches that hide their heads in the sand, then no one would remember us."

Menem: Ties Maintained 'for the Time Being'

PY2707144394 Buenos Aires NOTICIAS ARGENTINAS in Spanish 1334 GMT 27 Jul 94

[Excerpt] Buenos Aires, 27 Jul (NA) — President Carlos Menem said today that "for the time being" Argentina will maintain diplomatic relations with Iran, and he warned that if the participation of that country in the Argentine-Israeli Mutual Association [AMIA] case is established, then "the necessary measures" will be taken "to end this type of situation."

He stated that a possible rupture of relations with Iran "is a very delicate measure" in which "principles enter into play that pertain to the sphere of diplomacy between countries."

"At present, we have diplomatic relations with Iran; we have an embassy in Iran, with an ambassador and his aides, and the same is true for Iran here in Argentina," the president added.

In remarks to Radio America, Menem stressed that "if there is any sign of Iran's participation, whether it be the embassy or the government, in this incident, we know what type of measures to adopt to end this type of situation."

He also flatly denied any type of acquiescence on the part of the executive branch with the judicial branch due to the visit that Federal Judge Juan Jose Galeano made to the Olivos residence.

He explained that Galeano went to the Olivos residence to ask for the presidency's plane because he had to make an urgent trip to Venezuela, "since it was very important in advancing the investigation into the AMIA attack."

He then continued by saying that when Galeano returned from Caracas, he again visited him to thank him for putting the plane at his disposal "because it was an urgent situation that could not permit a loss of time."

"Therefore, to talk of acquiescence on the part of the executive branch with the judicial branch is an expression of bad faith that has nothing to do with reality," the chief of state stressed. [passage omitted]

Iranian Citizen Arrested; Two Released in AMIA Case

PY2707135094 Buenos Aires NOTICIAS ARGENTINAS in Spanish 1315 GMT 27 Jul 94

[Text] Buenos Aires, 27 Jul (NA) — An Iranian citizen was arrested today by the Federal Police within the framework of the investigation into the attack against the Argentine-Israeli Mutual Association.

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Police spokespersons refused to give further details about the new arrest, and they indicated that the two males who had been arrested for the sale of the Renault Traffic van that was used as a car bomb were released during the past few hours.

Meanwhile, the Iranian woman who was arrested on 26 July at Ezeiza International Airport in possession of an irregular passport remains under arrest.

Iranian Cultural Attache: AMIA-Related Charges 'Totally False'

PY2707183794 Madrid EFE in Spanish 1323 GMT 27 Jul 94

[Excerpt] Buenos Aires, 27 Jul (EFE) — Moshe Rabbani, the cultural attache at the Iranian Embassy in Buenos Aires, said today that the accusations against him about alleged links with the perpetrators of the attack against the Argentine-Israeli Mutual Association [AMIA] are "totally false and despicable."

"I have no fear of the police investigating me because I have nothing to hide," Rabbani stressed to Buenos Aires journalists.

Rabanni is the religious head of the Shiite Muslim communities residing in the Southern Cone and he exercises his spiritual guidance in a mosque located in the Buenos Aires City district of Floresta.

Certain reports of the secret services that have been cited by the media stress that he is one of the Iranian diplomats suspected of helping the terrorists who attacked the AMIA building last week.

The accusations are also based on the leads given by Monouseh Moutamer, a former Iranian official and currently a UN political refugee, who was questioned in Caracas by Buenos Aires Federal Judge Juan Jose Galeano.

Moutamer "was an official of the regime of Shah Mohammad Reza Pahlavi and that is why I am surprised that such a person can be trusted," Rabbani said.

The former Iranian official is currently under the protection of the UN High Commissioner for Refugees; he issued a denunciation stating that he had been kidnapped by members of his country's diplomatic corps, and this led to an incident between Venezuela and Iran.

The Argentine authorities suspect that Iran is linked to, or has details about, the perpetrators of the terrorist attack against the AMIA, which resulted in some 100 deaths and the wounding of 231, something that presages an imminent rupture of diplomatic relations with that country. [passage omitted]

Former Iranian Diplomat Says Iranian Military Planned AMIA Bombing

PY2807010794 Buenos Aires LA NACION in Spanish 27 Jul 94 p 1

[Text] (DYN)—An Iranian military officer may be one of those responsible for planning the terrorist attack that devastated the AMIA [Argentine-Israeli Mutual Association] headquarters.

Sources close to the investigation have confirmed that this information was passed to Judge Juan Jose Galeano during his 48-hour visit to Venezuela, where he interrogated Monoushech Moutamer, a former Iranian diplomat.

During the interrogation—which was recorded—Moutamer said the Iranian military officer stayed in Buenos Aires "for a long time" to plan the AMIA attack.

The Argentine justice has leads but so far lacks conclusive evidence to lay the blame for the terrorist attack that destroyed the AMIA building on the Iranian Government.

"We have good clues, good leads," President Carlos Menem said yesterday, while Judge Galeano promised the press he would soon release some surprising information.

Three people—including an Iranian woman—were being held in custody at a Federal Police precinct on the evening of 26 July, awaiting questioning.

Moutamer's interrogation was recorded by a SIDE [Secretariat for State Intelligence] agent. The video became the centerpiece of several meetings held by leading government officials today.

An unimpeachable source told DYN that the former Iranian diplomat provided "important information and many clues" that will help to solve the terrorist attack on 17 March 1992 in which the Israeli Embassy was leveled.

According to the same source, the "important information and many clues" Moutamer gave Galeano can be summed up as follows:

- The attack on the Israeli Embassy was planned and executed by a terrorist commando which had logistic and financial support from Iran.

- Those who planned the attack also had the support of Iranian citizens residing in Argentina or neighboring countries.

- Most of the explosives used in the attack entered the country via the diplomatic pouch.

- The identity and full descriptions of the perpetrators of the attack on Israeli Embassy.

- The attack on the AMIA headquarters was planned by an Iranian military officer who stayed in Buenos Aires and returned to his country the weekend before the attack.

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- This Iranian military officer, who according to the same source was described by Moutamer in the smallest detail, had the backing of unidentified Iranian Embassy officials.

Foreign Ministry Recalls Ambassador to Iran

PY2707222494 Buenos Aires NOTICIAS ARGENTINAS in Spanish 2054 GMT 27 Jul 94

[Text] Buenos Aires, 27 Jul (NA)—According to information disclosed by high-ranking diplomatic sources, Foreign Minister Guido di Tella has recalled Argentine Ambassador to Iran Mario Quadri del Castillo from his post.

It was leaked that Quadri will arrive in Argentina on 28 July and will immediately meet with di Tella.

The sources acknowledged that this recall is related to the probe into the bloody attack on the AMIA [Argentine-Israeli Mutual Association] headquarters perpetrated in Buenos Aires on 18 July.

Recall Made To Force Testimony

PY2807033594 Buenos Aires NOTICIAS ARGENTINAS in Spanish 2351 GMT 27 Jul 94

[Text] Buenos Aires, 27 Jul (NA)—High-ranking sources close to the Foreign Ministry revealed on 27 July that the Argentine Government's recall of Argentine Ambassador to Iran Mario Quadri del Castillo from his post is a move to have Iranian authorities strip five of the 12 Iranian officials in Argentina of their "diplomatic status" so that they can be summoned to testify before Federal Judge Juan Jose Galeano.

The sources stated that "the next step" to be taken is to officially request the Iranian Government to strip its diplomats of their diplomatic immunity, although they conceded that "in all likelihood" the request would be turned down.

The same sources explained that "the next step is to declare those diplomats 'personae non grata.' This does not entail a rupture of relations between the two countries, because there is the possibility that those diplomats might have acted without the consent of their government."

They said that "the third and last step is to sever diplomatic relations, but this would only occur if there is enough proof directly incriminating that country's government in the attack."

The Iranian Embassy in Buenos Aires has 12 accredited representatives, five of whom have "diplomatic status."

These include Ambassador Hadi Soleiman Pour and the cultural attache, Imam Moshe Rabbani [names as received], who is also the leader of the Shi'ite community in the Southern Cone.

According to what the same sources explained, Rabbani—who is the imam of a Shi'ite community mosque located in the Buenos Aires neighborhood of Flores—did not have diplomatic immunity two years ago.

They noted that following the attack on the Israeli Embassy in Buenos Aires in March 1992, Rabbani—who was in Argentina at that time—travelled to Iran and came back with diplomatic accreditation that gives him immunity with regard to Argentine authorities.

The sources also pointed out that in the speech he will deliver to the UN Security Council on 29 July, Foreign Minister Guido di Tella "will strongly condemn the attack on the AMIA [Argentine-Israeli Mutual Association] headquarters, but will not blame any country" for it.

They made it clear that "concurrent with this" speech, Emilio Cardenas, the Argentine representative before the United Nations, will submit to UN Secretary General Butrus Butrus-Ghali a personal letter from the Argentine foreign minister in which "Iran is not mentioned, either, as responsible for the attack. Still, the sources stated that the letter points out that there is evidence that indicates that the attack was planned from abroad."

They added that the letter "expressly condemns terrorism, and underscores that there are similarities between the attack on the Israeli Embassy in Argentina and the AMIA bombing."

Foreign Minister on Terrorism, Iran, UN Session

PY2807013694 Buenos Aires PAGINA/12 in Spanish 27 Jul 94 p 4

[Interview with Foreign Minister Guido di Tella by Maria O'Donnell at the Foreign Ministry on 26 July]

[Text] [O'Donnell] Why did you ask the Iranian ambassador "to comment" on the attack against the Argentine-Israeli Mutual Association (AMIA) center?

[Di Tella] Because we suppose Middle East countries know more about these things than we do.

[O'Donnell] But it seems that you were not satisfied, because you summoned him a second time.

[Di Tella] I did it because of the affair in Venezuela. We want to know as much as possible without drawing hasty conclusions or making accusations.

[O'Donnell] Did you conclude anything after talking with the Venezuelan ambassador to Argentina?

[Di Tella] We asked the Venezuelan ambassador why Venezuela expelled the Iranian ambassador and four diplomatic officials as a consequence of the attempt to kidnap an Iranian refugee. Perhaps that incident had nothing to do with what happened in Argentina. But we wanted to know what provoked the tense relations between Iran and a friendly American country.

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[O'Donnell] On 29 July you will ask the UN Security Council to condemn the attack on the AMIA center. Will you mention any country?

[Di Tella] Even though we can imagine which countries or groups are involved, I doubt we will be ready to identify any particular country before 29 July. The truth is that Yitzhaq Rabin (the Israeli prime minister) and Yasir 'Arafat (PLO leader) mentioned the Lebanese Hizballah.

[O'Donnell] You are not saying it, but the investigations are attempting to figure out the link between Hizballah and the Iranian Government.

[Di Tella] I want to be careful with what I say. We will probably have more information before 29 July, and I hope the information will not lead us to identify any country.

[O'Donnell] Why did you decide to talk at the UN Security Council on 29 July?

[Di Tella] Because terrorism has become a very important international problem. It affects peace and questions the Middle East peace process on the streets of Buenos Aires. In this case the terrorist victims are Argentina, the state of Israel, the Argentine Jewish community, and the entire peace-loving world community. All of us have been attacked. This is the message we will take to the United Nations, besides calling for more and better security coordination and intelligence between member countries.

[O'Donnell] You have said the Middle East conflict has taken roots on the streets of Buenos Aires. Why? Is it due to internal security problems or to Argentine foreign policies?

[Di Tella] You can say that security has failed every time there is a terrorist attack. We think security has improved a lot in the country, and we know these kinds of investigations require a lot of time. Regarding our foreign policies, many countries have similar polices but have not been attacked in this way. The problem is that criminal attacks do not have any logic, except for trying to intimidate the Jewish people of Israel with these kinds of acts.

[O'Donnell] You say that many countries have similar positions. However, no other Latin American country sent ships to the Gulf.

[Di Tella] That is true. But we do not think this attack is part of a post-Gulf reaction.

[O'Donnell] Do you not think it is a consequence of a foreign policy that has involved us in the Middle East conflict without the country taking the proper security measures in accordance with the new scenario?

[Di Tella] That is an oversimplification, but I admit that if Argentina were a country of 33 million ostriches hiding their heads in the sand, nothing would have happened. This is a case of international terrorism affecting peace. A small group of people thinks that Argentina is to blame, that security here is bad, that the country is being accused and must answer. It is a wrong vision supported by small groups.

[O'Donnell] Is that why you considered attending a meeting with U.S. representatives convened to discuss the issue of the attack?

[Di Tella] I thought what I just said could be a basic argument, but it is clear that Argentina has been the victim of an attack against the world peace-loving community.

[O'Donnell] Did you give up the idea of going to the Capitol because of criticism against the idea in the Argentine Congress?

[Di Tella] I gave up the idea because we have a Common Market of the South (Mercosur) ministers' meeting in Buenos Aires on the same day (1 August). Ambassador (Argentine ambassador to the United States Raul) Granillo Ocampo will participate in the meeting at the Capitol. Tomorrow (27 July) I will go to the Argentine Congress to brief legislators on the UN Security Council role, what Granillo will do at the Capitol, and our interpretation of the events.

Mercosur Disagreements Over External Tariff Rates Continue

PY2707034494 Buenos Aires LA NACION in Spanish 22 Jul 94 Section 2 p 1

[Report by Claudia Boragni]

[Text] The commerce and foreign relations vice ministers of the four Mercosur [Common Market of the South] member countries (Argentina, Brazil, Paraguay, and Uruguay) yesterday met to negotiate the finishing touches to the technical stage prior to the meeting of foreign and economy ministers on 2 and 3 August, in preparation for the Mercosur presidential summit in Buenos Aires on 5 August.

It was known in Foreign Ministry corridors that defining a Common External Tariff (AEC) percentage—particularly in the areas of capital goods, informatics, and telecommunications—was not discussed during the negotiations.

The list of exceptions, norms on origin, free trade zones, export incentives, competition protection, and Mercosur negotiations with ALADI [Latin American Integration Association] will be discussed today, following the arrival of Brazilian Economy Vice Minister Winston Fritsch in the country. Fritsch will be received by his Argentine counterpart Carlos Sanchez and International Economic Relations Secretary Jorge Campbell.

In sum, the delegations discussed customs issues only with National Customs Administration President Gustavo Parino.

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On 31 July Foreign Minister Guido di Tella will offer a special reception to the four Mercosur member countries' economy and foreign ministers. Between dishes he will try to put the final touches on what the experts and second-level officials will agree on today.

Deadlines

The effective application of the AEC, which will enter into effect on 1 January 1995, will imply the passage from a free trade zone to a customs union.

The difference between the two schemes lies in the fact that in a free trade zone customs deregulation affects a very substantial part of a country's trade, while permitting each one of them to unilaterally negotiate a customs tariff (AE) with third countries.

In a customs union, the tariff deregulation process affects 100 percent of trade between member countries, in addition to the AEC.

Of course in this case any negotiation with a third country must be conducted as a bloc, which in the opinion of some opposition groups represents a certain form of "loss of sovereignty." In other words, a customs union will imply that each member will have to reformulate its trade relations with the rest of the world, particularly taking into account that Latin American countries' foreign polices have always tried to consolidate trade contacts with extra-continental powers.

Questioning

Mercosur negotiations also have the minor Mercosur partners concerned (Paraguay and Uruguay), and they make their complaints heard whenever they can.

Paraguay considers that the implementation of the treaty will modify its economic structure. Officials argue that if most foreign tariff obstacles are eliminated, Paraguay will have to increase its import tax rate and will become a much more closed country. The measure would without a doubt make the country's productive process much more expensive.

Uruguay is not remaining quiet, either. Uruguayan negotiators maintain that an indiscriminate opening of its economy would increase internal costs and hurt its factory infrastructure.

The differences are not few. On 1 January 1995 the Mercosur common external tariff should enter into effect. The four Mercosur member countries' presidents will have the final word on 5 August.

EU Tells Menem Ties With Mercosur To Be Intensified

PY2707193194 Buenos Aires NOTICIAS ARGENTINAS in Spanish 1510 GMT 27 Jul 94

[Text] Buenos Aires, 27 Jul (NA) — Martin Bangeman, the Industry Commissioner of the EU [European Union], informed President Carlos Menem today that "the EU summit has decided to intensify its relations with Latin America, and especially with the Mercosur [Common Market of the South] member countries."

Bangeman informed Menem at Government House that the decision of the European countries is to "offer support for the tasks being carried out and that will surely be very useful."

"In particular, we offered our support in the area of telecommunications, where we are going to create a very sophisticated network that will offer many opportunities and a rapid cooperation," Bangeman said at the end of the meeting.

Diether Oldekop, the EU's representative, and Didier Herbert, a member of the Commissioner's office, also participated in the meeting.

Regulators Rate Privatized Services

94SM0403B Buenos Aires LA PRENSA in Spanish 5 Jun 94 Section 2 p 3

[Article by Virginia Perez Araoz and Monica Fernandez: "Who Controls Services?"]

[Text] How are the new enterprises functioning? In general, the quality of the services provided has improved, as has the public image of the companies. But there are complaints, as well: the telephone sector, that in which the first experiment in transfer to private hands took place, heads the list, but the electrical, gas, and water sectors are not far behind. Complaint registries, consumers' associations, and regulatory bodies offer different paths for finding answers to the problems.

Service problems are still common currency, and although it is logically true that the companies have not yet been in private hands long enough for them to put things in order, it is also fair to expect that customers will obtain satisfaction regarding their complaints as quickly as possible. And it would be even better if they had no reason to file complaints.

All of the privatized enterprises have complaint files that are audited periodically by their respective regulatory bodies, and they are doing their best to ensure that the complaints never even reach these files. When neither one method nor the other has proven satisfactory, the consumer can turn to some entity that represents consumer rights, or he can apply to the regulatory bodies.

Indirect complaints, which none of the enterprises dismisses as unimportant, are those expressed by the consumers voice though the media. They generally have to do with problems that affect more than one citizen, and widespread discussion of them has a definite effect on the enterprise image.

"Aguas Argentinas [Argentine Water Supply] has established a special department to provide customer service 24 hours a day. This department has served to reduce complaints in the mass media, which is the path followed

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by the people when there is no good channel for communication with the enterprise," Gregorio Diaz Lucero, the head of the customer relations department at the former Obras Sanitarias [Sanitary Works] establishment, explained. Fernando Lavore, the manager of institutional relations at Edenor, a company that claims to have seen a decline in the number of complaints reported in the mass media, made a similar statement.

"In general, relations with the privatized enterprises are good, much better than was the case when they were in the hands of the state, and there was practically no response. There is still one shortcoming. Information intended for the consumers should reach them more rapidly and should be more specific. What people want is detailed and personalized information, because paying for a service should not mean just being provided with lights or water, but should warrant the real attention of the enterprise, as well," Ana Maria Luro, the head of the Consumer Action League, Adelco, said in her analysis.

The Principal Problems

Adelco has already received more than 3,000 complaints about problems encountered with the public service enterprises. The majority of them were submitted to the companies earlier, but no satisfactory responses had resulted. The complaints in the telephone sector have mainly to do with poor service and billing errors. Most of the energy consumers who complain do so to protest the criteria used for reclassifying consumers, or because of appliances damaged by power surges. The principal point of friction with the gas suppliers has to do with billing, although the Adelco emphasizes that these firms (Metrogas and Natural Gas BAN) have provided responses to 100 percent of the complaints submitted.

"The Argentine Water Supply case is special, because this is the only enterprise that had a regulatory body before privatization was implemented," the legal coordinator of the Adelco, Antonio Serra, explained.

To judge from the number of complaints referred outside the company—that is, those that go beyond the boundaries of the business offices of the privatized enterprises—those pertaining to telephone service, that provided by Telefonica de Argentina in particular, head the list. According to the records of the National Telecommunications Commission (CNT), it has received about 17,000 complaints or inquiries about these services since 13 July 1993. Moreover, the number of complaints seems to have been increasing, since while in July of last year 103 customers of Telecom complained that their telephones were inoperative, the number of complaints in April of 1994 was 211. The Telefonica customers complained at the same rate as those of Telecom in the former month, but rather more in the latter month—265 calls.

Telefonica holds the record for complaints about malfunctions, as well, since while there were 141 complaints about Telecom service last January, 226 complaints were filed with the CNT about the malfunctioning of Telefonica equipment. It should be noted that while the average number of calls per month to Adelco concerning malfunctions of Telefonica apparatus is almost double the number pertaining to Telecom, the former company has more lines in service.

In any case, in considering the number of complaints, it must be remembered that they come from consumers who are becoming increasingly demanding, and, naturally, are no longer willing to wait for service as they did in the past. It is quite a challenge for the privatized enterprises.

The Reason for Being

Since 1989, the government has been implementing an ambitious plan for privatizing the public enterprises. The formula involves privatization with regulation.

Assets were to be transferred to the private sector on the basis of concessions or total sales, while on a parallel basis, the regulatory bodies were established.

According to the argument used to defend this method, the consumers needed to be protected from the commercial actions of the enterprises providing services because privatization was being implemented on a monopoly basis, that is to say without allowing free competition.

The method the government adopted lies halfway between direct supply of services by the state and private competition. The model chosen involves private management, but with intensive state control through the regulatory bodies, which are entities in public law under the jurisdiction of the Ministry of Economy.

"Concessions are contracts in public law. They are governed by administrative law and are subject to jurisdiction for suits under administrative law. The doctrine is fully consistent—and this must be emphasized—on the point that if a public service is provided by a private concession holder, the state must provide increased control over and supervision of that service. The doctrine goes so far as to say that it is the function of the regulatory bodies to ensure that the essential services that are privatized continue to be public services," Marcos Rebasa, the director of the National Energy Regulatory Body (ENRE), said in his analysis.

The technical function of this body involves the responsibility for enforcing the obligations incumbent upon the enterprises on the basis of the information for bidders and adjudication files.

This entity oversees and controls the rate structure, the quality of service, the product, and the marketing, as well as the investment plan.

Also, it is specified in the respective bidding forms that these bodies have jurisdictional authority. In this connection, the penalties they can impose include warnings, fines, and even the withdrawal of service. An appeal against such a penalty decision can be submitted to the

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administrative headquarters in the form of a petition to reconsider or a hierarchic appeal to the minister of economy.

Complaints and Patience

Every month the Tripartite Sanitary Works and Services Body (ETOSS) receives about 2,500 complaints from consumers concerning problems with the service provided by Argentine Water Supply. About 99 percent of the complaints concern water leaks and sewer obstructions and are made by telephone. These complaints represent 10 percent of the number received at the business offices of the enterprise (about 25,000 per month). The regulatory body refers the complaints it receives to the company and assigns deadlines for the resolution of the problems.

This body penalizes any enterprise that fails to provide a satisfactory response by imposing a fine. The amount of the fine goes back to the consumer in the form of a rebate or indemnification.

"The complaint level has dropped to a third of what it was previously, and the average time required to correct a sewage problem is 72 hours, and for a water problem, 48 hours. Most of the complaints have to do with low water pressure or sewer obstructions," Carlos Humberto Ben, an adviser at the general headquarters of Argentine Water Supply and the official in charge of relations with the controlling body, said. "To date, Argentine Water Supply has not been penalized by this body. There have simply been discussions about a low pressure problem, and we are drafting our reports," this executive commented.

The users of the service have a right to demand inspection of the quality of the water provided to them, to be informed in advance of planned cutoffs, and to choose the meter system to be used to bill them for water service.

The regulatory body for the water sector represents a special case, because it is tripartite (national, provincial, and municipal). This makes its functioning a little slower and more bureaucratic than is true of other dealings with state bodies.

Frequent Voltage Drops

The offices of the National Energy Regulatory Body are visited daily by 20 customers reporting problems, and about 250 telephone calls are received, as well. Some 50 percent of these complaints have to do with interruptions in the supply of energy, 35 percent involve billing problems, and the balance pertain to disrupted circuits and burned-out electrical equipment.

Of the almost 11,000 complaints received by this body since it was established in May of last year, 60 percent have been resolved.

"The two principal distributors, Edenor and Edesur, took over the responsibility of providing service in September of 1992, and the contract itself provided that during the first year, the ENRE and the enterprises would improve the quality of service.

"During this so-called preliminary stage, it was necessary to adapt all of the equipment, because the network was not in good condition.

"As of the initial stage, which began in October of 1993, overall control was imposed on the quality of service, the product, the billing, and responsiveness to the consumers," Alfredo Garofano, the official in charge of institutional relations at the ENRE, an autarchic body under the jurisdiction of the Secretariat of Energy, explained.

"The ENRE checks on the fulfillment of the duty of the enterprise, which is to provide continuous service without interruptions and of consistent quality (without voltage surges or drops) to all customers who request the service (without discrimination). This is true even to the extent that the enterprise may not cut off the service of those who fail to pay, and so it has been necessary to look for an alternative solution in every case," Fernando Lavore, the director of institutional relations at the EDENOR, explained.

This executive stressed the notable reduction in the number of complaints in the past year. He also referred to a survey carried out periodically by the EDENOR that indicates a substantial increase in the level of consumer satisfaction in the past six months.

"In any case, the problem of voltage drops is something we cannot solve immediately. These voltage drops are more frequent in the neighborhoods close to the disadvantaged quarters, where the number of 'line taps,' which are the cause of the voltage drops, is substantial. But the regulatory body cannot penalize us for these voltage drops while the government continues to prevent us from cutting off those who tap the lines illegally. There is a contradiction here," Lavore said.

If the complaints are not settled by the business office, the ENRE gives the enterprise 10 working days to resolve the problem reported or noted. If the complaint involves an error in billing, the licensee is required to correct it prior to the next payment due, and to report to the consumer within 15 days of the date the complaint was reported.

Silent Telephones

Telephone problems are in the eye of the storm. Numbers that are out of order or constantly busy, overloaded lines, and the occasional overbilling requiring tedious procedures in order to get it corrected are the reasons this privatized service has the highest level of complaints. Obviously, these problems can be much more quickly resolved, in many cases, than those faced by the other companies. As the characteristics of the telephone system change, and as the exchanges are modernized, speed seems to prevail, while at the same time the demand for telephones is increasing. This phenomenon

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is directly linked with the reduction in the cost of the lines and the speed of installation.

The National Telecommunications Commission is the body responsible for ensuring that Telecom and Telefonica reach the goals established annually for the expansion of the network and improvement of the quality of service.

The penalties for failure to observe the general regulations governing basic telephone service are calculated in telephone points. Failure to inform a customer of a change in service, mistreatment of a customer, and, obviously, overbilling merit compensation in points (between 1,000 and 10,000) discounted the following month on the bill of the consumer involved.

The Consumer Action League reports that the responses to the complaints made to the enterprises were not consistent throughout the year 1993. Of the almost 19,000 responses to problems reported, 10,500 were provided by Telefonica.

"In many cases, the licensed enterprises have failed to meet the deadlines established in the regulations governing basic telephone service," the body that defends the consumers pointed out in a report published recently.

"Strictly speaking, the quality of service has been seen to improve in many regards, although in others there are shortcomings that must be corrected. Consumer service in the business offices of these enterprises, for example, still falls far short of what the customers deserve. Impressive announcements of thousands of dollars invested or thousands of lines installed cannot readily be verified by the consumer. What interests him is, for example, whether new telephone lines will be installed shortly in his neighborhood, or whether the telephone exchanges are going to be replaced with more modern ones," the report added.

Billing Problems

The National Gas Regulatory Body (ENARGAS) has the responsibility for supervising 10 distributing enterprises throughout the country.

The majority of the complaints have to do with billing errors and gas leaks.

"The relationship with the enterprises is very good, within the logical limits of any relationship between a supervisory authority and the bodies it controls. The task of this body is to ensure that the enterprises fulfill their obligations with regard to quality of service, investments, safety, and attention to the consumers' concerns," Raul Garcia, the president of the ENARGAS, said.

The ENARGAS believes that the enterprises need to achieve improvement in the safety sector, as is also true with regard to attention to consumer concerns.

In connection with the investment plans of these companies, British Columbia Gas, a Canadian consulting firm, will issue a report at the end of July on the 1993 investments. On the basis of this report, the ENARGAS will evaluate the extent to which the enterprises have achieved their goals.

The ENARGAS receives 60 complaints and inquiries per day. In 1993, it responded to and resolved 1,300 complaints and 7,000 inquiries, and it carried out 720 technical inspections, audits of invoices, and safety checks throughout the country.

This supervisory body has already imposed penalties on some of the companies. The largest was the fine in the amount of 300,000 pesos imposed on Metrogas in November of 1993 for billing errors. The enterprises had estimated amounts owed without previously reading the meters, collected improper taxes, and in some cases, rounded off the charges.

Meanwhile, since the body was established, 25 public hearings have been held. The disputing parties are summoned to these hearings, which are a kind of oral and public court in which they can set forth their differences, and, if possible, reach agreement. If there is a dispute between a distributor and a cooperative in the interior, for example, the superintendent, the council members, and representatives of the enterprises receive summonses to appear. If no agreement can be reached, the supervisory body must make a decision.

The enterprises are required to detail the number of cubic meters consumed, the procedure for requesting an accounting, and the telephone number to which complaints can be reported on each invoice. When a customer decides to file a complaint for any reason, he has the right to demand an acknowledgment of his complaint, with an estimate of the date by which the problem will be resolved.

Bolivia

President Fears Terrorism in Coca Growing Zones

PY2707213294 Cochabamba LOS TIEMPOS in Spanish 19 Jul 94 p A1

[Text] La Paz—Justifying the government-ordered Operation "Nuevo Amanecer [New Dawn]," President Gonzalo Sanchez de Lozada voiced fears that international drug trafficking gangs, linked to terrorist groups, could perpetrate terrorist actions in coca growing zones like Chapare, in Cochabamba, and thus generate a wave of uncertainty and violence in the country.

Based on reports supplied by Government Minister German Quiroga on the objectives and scope of Operation New Dawn, which is being conducted in the tropical region in Cochabamba, Sanchez de Lozada said the problems his government must face "are bearable, but the problem of terrorism linked to drug trafficking could be disastrous for the country."

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During an informal chat with local journalists, the chief of state referred to the problem of surplus coca and its use in drug production and trafficking. He said it is necessary to establish an adequate balance between the peasants' interests, through the eradication of surplus plantations and an all-out struggle against drug trafficking, with alternative development.

Sanchez de Lozada said in a worried tone: "The worst that can happen is that international drug rings linked to groups that wish to destabilize the government incite the peasants to engage in acts of violence." He said the best course is to safeguard peace and the democratic coexistence of all Bolivian citizens." [no opening quotation marks as published]

Minister Quiroga attended the meeting with the media. He read a brief report on the actions being carried out in Chapare within the framework of Operation New Dawn, adding that a significant number of foreigners, most without identity documents, have been found.

Pointing out that there are more than 30,000 hectares of surplus coca plantations in the zone, Quiroga reiterated that the government is making a great effort to reach an accord with the various coca grower federations on the fulfillment of agreements signed about three months ago, in the sense that they must participate in the struggle against drug trafficking.

He mentioned that the operation so far has resulted in the confiscation of a considerable amount of cocaine (more than 300 kg of cocaine hydrochloride) and cocaine paste which, after being processed in the Beni jungle, would have been sent to the large consumption centers in Brazil and Colombia.

Quiroga mentioned that as a result of the on-going operation in Chapare, the price of coca dropped noticeably. A bag of coca leaves now sells for between 35 and 45 Bolivianos.

Peasant Leaders Warn of 'New Abuse' by Antidrug Forces

PY2707180394 Cochabamba LOS TIEMPOS in Spanish 19 Jul 94 p A1

[Text] Troops from the antidrug organizations yesterday forcefully dissolved a union leaders' meeting in Chimore, forcing the participants to return to their places of origin. The antidrug agents even provided vehicles to take the people back to their places of origin.

This fact was reported by leader David Herrada, who said that unfortunately the government organizations have meddled in their union activities, which implies a "state of siege" declaration in the tropical region, where 15 leaders were reportedly arrested yesterday.

He said that in response to this new abuse, the leaders have decided to meet in our city today, because the warning of the antidrug organizations was concrete, namely, that in the future they will not allow any type of peasant meetings.

Moreover, according to Evo Morales Ayma, Mobile Police Rural Patrol Unit [Umopar] troops have reportedly said that they "will place" some kilograms of cocaine in his house to send him to the United States.

Furthermore, Herrada referred to the coca crops eradication issue, stating, in an open challenge to the government, that it will be humanly impossible to meet the deadline established for the eradication of surplus coca plantations, scheduled for 30 September 1994.

Herrada said that the government is aware that it will not be able to fulfill the objectives agreed upon with the U.S. Embassy, and that for this reason it is resorting to violence as a threatening method. He then warned about what could happen soon should the peasants fail to comply with the coca reduction plans and the supposed benefits of the alternative development plan.

He said that to counterbalance the government and "yankee" embassy actions, the coca producers will begin a number of demonstrations, marches, and other measures in a legitimate defense of their interests and of their "chaco."

He added that there is sufficient consensus among union leaders and members to reactivate the "self-defense committees" and to fully implement them to safeguard the peasants' personal security, because over the past few days they have been outraged by the joint police and Army forces.

"We warn that any new provocation by the government through their repressive units will encounter a resistance and a response by the self-defense committees. If there are new confrontations and abuses against the producers, including against the civilian population of the tropical region, they will be the exclusive responsibility of the government because the peasants are not ready to tolerate the contradictions of this government, which first assumes the agreement but then represses without any reason whatsoever," he said.

"The reduction plans will not be fulfilled because the government has taken the wrong path. Instead of seeking a rapprochement with producers and finding a solution to fulfill the agreements reached, the government resorts to violence, which expands the gap between the government and the coca producers. Our colleagues have lost all credibility and trust in the government, and for this reason they will not eradicate any more coca plantations without first reestablishing the scope of the alternative development plan," he said.

Minister: UCS Head Sees 'Drug Ghosts Everywhere'

PY2807020594 Cochabamba LOS TIEMPOS in Spanish 19 Jul 94 p A2

[Excerpt] La Paz, 18 Jul (LOS TIEMPOS)—The "extreme touchiness" of Max Fernandez, head of the

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Solidarity Civic Union (UCS), "leads him to see drug ghosts everywhere." This statement was made on 18 July at Government Palace by Government Minister German Quiroga, who referred to the alleged "video cassettes, audio tapes, or information" that reportedly involve the UCS leader in illegal activities.

Minister Quiroga said: "There are no video cassettes, no audio tapes, and no information to incriminate or link Mr. Max Fernandez Rojas with drug trafficking. This information does not exist either at the Special Antinarcotics Force, the Social Defense Under Secretariat, the Controlled Substances Under Secretariat, the Ministry of Government, or in any state institution." He held a lengthy meeting with President Gonzalo Sanchez de Lozada, Presidency Minister Carlos Sanchez Berzain, and Social Communications Minister Ernesto Machicao.

Quiroga said the audio tapes contain fragments of remarks by criminal Carmelo "Meco" Dominguez. These tapes ended up with the Judicial Technical Police as evidence in the investigations into this well-known drug trafficker who is being held at the Chonchocoro prison.

Over the past weekend the controversial UCS leader denounced a plot against him by the government and political figures of the MNR [Nationalist Revolutionary Movement], whom he accuses of a similar plot against the magistrates (Edgar Oblitas and Ernesto Poppe) and some top MIR [Movement of the Revolutionary Left] leaders.

Max Fernandez made these remarks when rumors began circulating about a possible withdrawal of his party from the government coalition and when the political panorama changed considerably after the "summit" of the president with the main leaders of parties represented in Congress, and in which—surprisingly—he did not participate. On the contrary, he denounced a string of supposed government actions against him following the remarks by drug trafficker Carmelo "Meco" Dominguez.

This situation was continuously and categorically denied, however, on 18 July by government officials. Minister Quiroga attributed the UCS leader's attitude to an "excess of touchiness" because investigations by several of the state organizations that fight drug trafficking have found no evidence against Max Fernandez, the beer industry businessman.

Minister Quiroga said: "As head of the anti-drug struggle, I can tell Mr. Max Fernandez that he has nothing to worry about because there is no evidence, no action, and no document in any of the organizations to involve him in the drug trafficking issue."

The interior minister's remarks have been interpreted, however, as a government maneuver to save the official coalition and prevent the withdrawal of its main partner in the Chamber of Deputies.

Quiroga said the investigations over the past three weeks, when the UCS leader revealed the existence of a possible "cassette" that reportedly involves him in actions linked to drug trafficking, does not corroborate the report by Fernandez. [passage omitted]

Local Drug Traffickers Arrested

PY2707165994 Cochabamba LOS TIEMPOS in Spanish 19 Jul 94 p A7

[Text] Chimore (LOS TIEMPOS)—Seven "medium-sized fish" of the local drug trafficking organization, involved in purchasing cocaine paste, have been arrested as a result of a massive police operation in all towns of the provinces of Chapare, Carrasco, and Tiraque. They are all Bolivians; none of them is Colombian.

Lieutenant Colonel Luis Caballero Tirado, Mobile Police Rural Patrol Units [Umopar] commander in the Great Chimore Garrison, and Victor Hugo Canelas, controlled substances under secretary, have reported that the presumed native drug traffickers comprised intermediate networks within the banned national drug trafficking structure.

Government officials have provided the names of these "medium-sized fish" who are involved in purchasing cocaine in the sub-tropical region. They are: Ricardo Torrillo Villarroel, alias "Panaco"; Jorge Parra Jimenez, alias "El Coco"; Jaime Toledo Mejia, alias "Eusebio" or "Jaime"; Johnny Gumercindo Soruco Segobia, alias "El Chato"; Luis Gomez Mendieta, alias "El Largo"; Javier Vidal, alias "El Botadito"; and Rene Caceres Garcia, alias "El Montano."

According to the report, each of them received money from "foreign drug traffickers" who do not live in the zone, to buy controlled substances from small producers from the Chapare.

Lt. Col. Caballero Tirado said that "the bosses of these people are in Beni or Santa Cruz awaiting the shipment of the illegal merchandise either to purify it or to export it in a direct manner."

Each of the detainees has his own organization of "rescuers of the drug in its first processing stage." "The truth is that seven different cocaine marketing organizations have been dismantled, and these people are considered important criminals in this zone," the Umopar commander said.

FONADAL Presents Coca Eradication Program Report

PY2707200994 Cochabamba LOS TIEMPOS in Spanish 19 Jul 94 p A10

[Text] La Paz, 18 Jul (LOS TIEMPOS)—It has been officially reported that through the first half of July the National Social Defense Secretariat, in conjunction with the organizations promoting alternative development—

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SUBDESAL [Alternative Development Under Secretariat] and FONADAL [National Fund for Alternative Development]—has been able to eradicate 2,754 hectares of excess coca plantations in the Cochabamba tropical region.

The Bolivian Government made a commitment with the U.S. Government to eradicate by 30 September 3,250 hectares of coca, in exchange for $20 million that will be used toward Bolivia's balance of payments.

FONADAL President Gaston Martinic told LOS TIEMPOS in La Paz that as a result of "negotiations, dialogue, and understanding" between government officials and Chapare union federations, "positive results" have been achieved regarding "the voluntary replacement of coca plantations."

Without specifying what areas of the Cochabamba tropical region had been subjected to "voluntary eradication," Martinic said that hundreds of peasant families that until recently had been exclusively devoted to coca farming "have understood the real extent of the alternative development programs" being implemented in the region.

Martinic said: "Ever since the parties involved signed the agreement on 23 March, officials have noticed that union leaders have had a completely open attitude toward the replacement of coca farms."

He added that in compliance with instructions issued by their grassroots, peasant leaders have personally informed FONADAL and other government offices "of their goal to voluntarily eradicate coca farms" and of their needs regarding alternative development programs.

The FONADAL president categorically denied that the latest antidrug operation "New Dawn" could seriously hamper the significant progress achieved in coca producers' attitude to voluntary coca eradication plans and social service in the region.

He reasserted that dialogue and negotiation are the best tools in achieving "qualitative" progress in the implementation of objectives that seek to achieve "the well-being of the people" in the Cochabamba tropical region.

He asserted that the policy the government is implementing with coca farmers—based on dialogue and understanding—will result in a better future for thousands of families who today are circumstantially dependent upon coca farming.

Anti-Drug Operation Forces Traffickers To Abandon Chapare

PY2807013494 La Paz PRESENCIA in Spanish 21 Jul 94 p 1

[Text] Government Minister German Quiroga yesterday said that more than 4,000 people "engaged in the coca-cocaine trade" have left Chapare since the start of Operation New Dawn. A large number of vehicles have disappeared and trade in the zone is paralyzed.

The report states that these people are known as "chacas" and "bolleros," a floating population involved in the illegal trade of coca and cocaine paste.

Minister Quiroga reiterated that the repression is directed exclusively against traffickers and not against coca growers. He added that the operation resulted in the arrest of several coca growers' leaders who, protected by their authority as union leaders, were involved in trafficking. "They are not peasants, they are traffickers," he said.

Quiroga thus refuted charges by Pachacuti-Axis Deputy Ramiro Barrenechea, who accused the government of persecuting coca growers of the region.

Quiroga said: "If they wish to interpellate me for abiding by the law, I am willing to appear before Congress because there are people interested in protecting traffickers." He asserted that the enforcement operations "are backed by those engaged in legal activities." He added that these people went to Chimore barracks to show the other side of Chapare: they expressed their gratitude for ending the prostitution, trafficking, and perversion of minors in the region.

Moreover, Quiroga blamed Evo Morales, main leader of the Chapare coca growers, for not having honored the commitment with the government to endorse the antidrug campaign. Quiroga said: "The government promised not to implement compulsory eradication and is keeping its word, but the coca grower leaders are not."

Brazil

U.S. 'Pressure' Denied Over Awarding of Sivam Contract

PY2807025694 Sao Paulo O ESTADO DE SAO PAULO in Portuguese 27 Jul 94 p B8

[Report By Tania Monteiro]

[Text] Brasilia—Admiral Mario Cesar Flores, head of the Special Affairs Secretariat, yesterday stated that the Brazilian Government's decision to award the U.S. group Raytheon the contract to set up the satellite Amazon Region Surveillance System (Sivam) was based entirely on technical reasons. Flores said: "There was no political influence." According to a report published yesterday by O ESTADO, representatives of the group led by the French company Thomson—which lost the bid—and some French Government officials believe that Brazil may have yielded to U.S. pressure in awarding the bid to Raytheon. "There was no pressure," Flores repeated.

Flores noted that the favorable financing terms offered by the Americans for the installation of Sivam was a

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decisive factor in the decision by the Brazilian Government to award the bid to the consortium of 24 companies from various countries led by Raytheon and Ericsson. Flores said: "The U.S. proposal includes complete financing of the program." He added: "In the case of the French proposal, part of the program was to be financed through Treasury bonds." In his opinion "this would have created complications."

The total cost of the project is estimated at $1.35 billion. Nearly 40 percent of this amount ($500 million) will be earmarked for purchasing Brazilian equipment and services, which will be financed by the winner of the international tender. The U.S. financing terms provide for an 8 year grace period. Only after this period expires will the Brazilian Government be required to repay the first part of the financing, over 10 years.

According to Flores, the next legal steps for the installation of Sivam are: first, to submit the contract with the winning bidder to the Finance Ministry legal office, and then to obtain Senate approval for contracting a foreign debt. Flores expects the Senate to grant the respective authorization in August. He noted that the difficulty stems from the lack of a quorum which is expected as the election date nears.

Mercadante Chosen New PT Vice Presidential Candidate

PY2807014494 Sao Paulo AGENCIA ESTADO in Portuguese 0337 GMT 27 Jul 94

[Report by Vera Rosa and Carlos Rydle]

[Text] Sao Paulo, 27 Jul (AE)—Deputy Aloizio Mercadante (PT-SP) [Workers Party, Sao Paulo] is the new candidate for vice president on the ticket of Luiz Inacio Lula da Silva. Mercadante, who is coordinator of the PT economic program, is replacing Senator Jose Paulo Bisol (PSB-RS) [Brazilian Socialist Party, Rio Grande do Sul], who must today announce his resignation as vice presidential candidate, a month after the impasse began affecting the coalition that supports Lula. During a meeting the evening of 26 July, the presidents of the member parties of the Popular Brazil Front which supports Lula—the PT, PSB, PPS [People's Socialist Party], PC do B [Communist Party of Brazil], PV [Green Party], and PST-U [Unified Socialist Workers Party]—merely ratified the decision made on 25 July by the PT leadership.

The ticket change was announced by PT President Rui Falcao on 26 July at 2355. "In face of the political and electoral circumstances, the Popular Brazil Front has decided to reconsider Bisol's candidacy and ask for his resignation," Falcao said. He added that he confirms his solidarity with Bisol, whom he said was "victim of a campaign of slander and libel."

Exactly 13 days ago the Popular Brazil Front released a message condemning rumors of Bisol's replacement. Since then Lula's popularity has dropped in the polls. According to the Gallup Institute, Lula is technically even with Fernando Henrique Cardoso (PSDB) [Brazilian Social Democracy Party].

With Mercadante the Popular Brazil Front will run in the elections with what the PT members call a "purebred ticket," as it includes only PT members. The member parties of the Popular Brazil Front believe that Mercadante, who is from Sao Paulo, the largest electoral district, will attract votes there, where Lula is facing difficulties.

Until 25 July Senator Eduardo Suplicy (PT-SP) had been most mentioned as likely to replace Bisol. But his name received some vetoes within the PT itself. Some PT leaders dislike Suplicy's independence, and fear he would gain enough prestige to run for president in 1998. Another much discussed possibility was former Sao Paulo Mayor Luiza Erundina.

Mercadante was chosen by Lula himself, who yesterday afternoon carried out negotiations over the telephone with some presidents of the member parties of the Popular Brazil Front. "Mercadante is respected in all sectors of society, he is effective in debates and a good campaigner, and he played an important role on the Budget CPI [Congressional Investigating Committee]," Lula told a friend.

Bisol Confirms Resignation as Vice Presidential Candidate

PY2807022694 Sao Paulo AGENCIA ESTADO in Portuguese 2223 GMT 27 Jul 94

[Report by Ayrton Centeno]

[Excerpt] Porto Alegre, 27 Jul (AE)—Senator Jose Paulo Bisol (PSB-RS) [Brazilian Socialist Party, Rio Grande do Sul] today confirmed his resignation as vice presidential candidate for the Popular Brazil Front ticket, but he has still not presented his resignation letter stating this. "It will be simple, formal, and objective," Bisol said, without specifying when he will send it to the front's directorate. "I may send it today, or perhaps I will take it to Sao Paulo myself," he added. He added that his replacement was correct: "Politics must be rational and what is appropriate must be taken into account," he said, adding: "We play to win, and Lula will win." According to Bisol, Deputy Aloizio Mercadante (PT-SP) [Workers Party, Sao Paulo] was "a great choice" and will immediately bring "greater harmony" among the group of parties supporting Lula. [passage omitted]

Cardoso Denies Problems With Running Mate Palmeira

PY2807005594 Sao Paulo AGENCIA ESTADO in Portuguese 1936 GMT 27 Jul 94

[Report by Elizabeth Lopes]

[Text] Sao Paulo, 27 Jul (AE)—PSDB [Brazilian Social Democracy Party] presidential candidate Fernando

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Henrique Cardoso today described as "malicious speculation" reports that he and his running mate Guilherme Palmeira face the same problems as his adversary Luiz Inacio Lula da Silva did with his running mate Senator Jose Paulo Bisol. Cardoso said: "The PT [Workers Party] created that political confusion because it reacted violently to some things Bisol did. Guilherme has done nothing to upset the PSDB or the coalition." Nevertheless, when it was mentioned that Palmeira retired from the Senate after only serving six years, Cardoso answered: "I would not do that."

Cardoso recalled that the time for retirement is established by law and that Guilherme Palmeira retired according to the law. "He did the right thing if he respected the law. One may be against a law, consider it wrong, but if one benefits from the law one should not be blamed for it," he added. Cardoso believes there is no point in finding fault with everything because: "Bisol is Bisol and Guilherme is Guilherme." Cardoso said there is no reason why the Alagoas senator should cease to be his running mate, especially because he enjoys "great credibility in the Northeast." Cardoso recalled he was just 37 when the military dismissed him: "They got rid of me when I was still eager to work."

Cardoso believes the appointment of Deputy Aloizio Mercadante (PT-SP) [Workers Party-Sao Paulo] to replace Jose Paulo Bisol will strengthen the PT ticket, especially in Sao Paulo. He added that this will no way alter the course of his campaign: "My campaign revolves around my proposals." The PSDB candidate spent this morning recording another program for the free air time. He said one proposal is to talk about the government program as simply as possible so as to be understood by the people.

Cardoso will participate on July 28 in a debate sponsored by the National Conference of Brazilian Bishops (CNBB). He said this will clarify some Catholic voters' doubts. During the 1985 campaign, Cardoso lost many votes because he said he did not believe in God. Asked what he would say if asked the same question now, he answered: "The answer is simple, everybody knows I believe in God."

Candidates' Declaration of Assets Detailed

94SM0406A Sao Paulo VEJA in Portuguese 22 Jun 94 pp 38, 39

[Text] Last week, candidates for Planalto Palace turned in their lists of assets to the Electoral Courts. This is a requirement that has existed for half a century, but during the last presidential election, in 1989, was the first time the lists were released to the public. This is a healthy development, since it allows the voters to learn the extent of an official's wealth when he takes office and later compare it with the situation when he has served his term. From the lists received by the Superior Electoral Court (TSE), on which no one indicated less than $100,000, we can see that the candidates are much better off than the vast majority of Brazilians. The most obvious finding is that PMDB [Brazilian Democratic Movement Party] candidate Orestes Quercia is the most wealthy, followed by former Rio Governor Leonel Brizola [see chart].

At the top of the polls in voter preference, candidate Luis Inacio Lula da Silva of the PT [Workers Party] ranks close to the bottom when the subject is wealth. In a country where having a house on the outskirts of the city and a second-hand car is quite a victory in itself, Lula declared that he has accumulated assets worth $120,000. To a metalworker from the ABC [refers to the three industrial areas in Sao Paulo] who now makes an average of $600 a month, ever having assets of $120,000 is only a dream. The difference is that Lula left his lathe more than two decades ago. Living rent-free in a nice house owned by his friend Roberto Teixeira, a wealthy lawyer in Sao Bernardo do Campo who has done well in real estate, Lula owns a small house in Sao Bernardo assessed at $45,000, that his son lives in. It was purchased during his metalworker days with a loan from the former BNH [National Housing Bank]. He owns two lots, also in Sao Bernardo, one of which was inherited by his wife, Marisa. He also owns a F-1000 pickup truck that he bought 10 years ago at a government auction, and two Opala Diplomatas, one a 1989 model and the other a 1992 model.

"His assets are perfectly compatible with the kind of life he has always lived," said his adviser, Ricardo Kotscho. Lula was lucky enough to serve his first and only term as deputy at a time when legislators were paid much more than they are today and were not subject to income tax withholding. Of his $10,000 dollars a month, he gave 30 percent to the party as the PT by-laws require, and pocketed the rest. In four years in office, he received $336,000, net. If Lula had put a third of what he earned into a savings account, it would yield the $120,000 estate he now has.

Accounts Abroad

Fernando Henrique Cardoso, of the PSDB [Brazilian Social Democracy Party], is also doing well and close to accumulating his first million dollars. He owns a house, three apartments (one in Sao Paulo and two in Brasilia), a 7,000 sq meter tract of land in the interior of Sao Paulo, four lots, three cars, and a half-interest in a ranch in the interior of Minas Gerais. The ranch is held in partnership with his friend Sergio Motta, a successful businessman. FHC includes among his assets jewelry, paintings, and a "specialized library" of 6,000 volumes, worth $60,000. "Everything he has was purchased with his salary," said his adviser, Eduardo Jorge. The only candidate, besides Brizola, to report assets outside Brazil, Fernando Henrique has $27,000 in an overseas account at Chemical Bank. "That is what he receives in royalties on his books that are published abroad," Jorge said.

The PPR [Progressive Renewal Party] candidate, Esperidiao Amin, also has assets that far exceed the average—

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more than $900,000. His declaration is the most detailed the TSE received. He reports his childrens' savings accounts ($3,500) and even his computers, with accessories. "Part of our wealth comes from work, but most of the property was inherited," said his wife, Deputy Angela Amin. The Amins have eight lots, two houses, and three office suites. As for personal property, Amin collects automobiles. He has five cars. His declaration lists a few shares in Santa Catarina companies. "He bought them when he was single," his wife said.

Two of the declarations attract particular attention. Quercia told the TSE that his assets amount to $5.4 million, although it has been estimated that they are at least 10 times that. In a survey made in November 1992, VEJA determined that Quercia has visible assets of $52 million. The candidate took care to report to the TSE only those assets recorded in his own name, rather than list the property he has accumulated in the names of his companies. This is not illegal, since the TSE requires only a list of a candidate's assets as an individual, not property owned by legal entities. But Quercia wanted to avoid the public inconvenience of exhibiting astonishing wealth, a particularly complicated situation for a candidate who began public life as owner of a single plot of land and an old 1937 Ford. In challenging the VEJA findings, Quercia admitted he owned all the assets the magazine attributed to him, but said they had been overvalued, "at almost four times their real value." By his account, therefore, his total wealth would not be $52 million, but $12 million. The former Sao Paulo governor is on the 1994 election's wealthiest slate. His running mate, Iris Rezende, wife of former Goias Governor Iris Rezende [names as published] reported having more than 10,000 head of cattle, four ranches, seven tractors, two apartments, three trucks, six cars, and some stock, for a total of more than $5 million.

Falsely Poor

According to the TSE ranking, candidate Flavio Rocha of the PL [Liberal Party] has modest assets. On his statement Rocha admits he has a little more than $100,000, comprised of two imported cars (a Camry and a Previa) and a domestic one (an Apollo). It is fake middle class status. Flavio Rocha is a son of the largest shareholder in the Guararapes group, which controls the 50-store Riachuelo chain whose annual sales are $200 million. He campaigns by Learjet 55, has an apartment in Natal, and usually spends his vacations in another apartment—in Miami. In his election campaign he preaches the theory of the single tax, and in fact talks of nothing else. It appears he is in favor of 1 percent only for others, since he himself does not even pay that much. He owed no taxes on his latest return. On the contrary, he filed for a $300 refund.

"My family is absolutely poor. It's the company that's rich," Flavio Rocha claims. Since the executive jet and the apartments are in the name of the family company, or that of his father, businessman Nevaldo Rocha, the no-tax candidate told the tax authorities that he got by last year on a net income of $1,089 per month. "This return sure smells like tax evasion," said a high-ranking Revenue Department expert who examined the documents. The $1,000 monthly would not even buy the three cars—it falls $56,000 short. Cautious, candidate Rocha reported to the authorities that he received $56,000 from his family. What is strange is that, when you allow for operating the cars, there is nothing left. What funds did the candidate use to pay for his children's tuition or their doctor bills? One suspects he used Guararapes cash. "That is a way to artificially inflate a company's costs in order to pay less tax as businessman and as taxpayer," the expert said. Since Rocha does not state on his return that the expenses were defrayed by the company, there are two possibilities. If he evaded taxes in bad faith, then he could be prosecuted for tax crime and sentenced to as much as two years in jail. If it was an innocent oversight, he will pay a $165 fine.

Two Cars

By resorting to tax tricks, Rocha wins the trophy for poorest candidate—the only one really poorer is the man running for vice president on the PT do B [as published—expansion unknown] ticket, Rafael Francisco, who reported to the TSE that he had "no assets." Even so, the figures show that the stable of candidates is made up of citizens who are in good shape. In a country where more than half the workers earn two monthly minimum wages or less, it is hard to find anyone with assets of $100,000. Those of former Governor Leonel Brizola exceed $5 million—the kind of estate that it would take someone who earns two minimum wages 1,000 years to accumulate, even if he never spent anything. Brizola says it was all inherited from his wife, who died in 1993. He owns two apartments in Rio, a country house in Petropolis, and an apartment and two ranches in Uruguay. He is two cars richer than in 1989—there are now four cars in his garage.

Brazil: Assets Reported by Presidential Candidates

Candidate & Party	Assets in US$
Flavio Rocha (PL)	114,877
Luis Inacio Lula da Silva (PT)	120,281
Esperidiao Amin (PPR)	911,693
Fernando Henrique Cardoso (PSDB-PFL)	920,886
Leonel Brizola (PDT) [Democratic Labor Party]	1,565,063
Orestes Quercia	5,467,740

Board Regulates Electoral Propaganda, Election Procedures

PY2707180594 Sao Paulo AGENCIA ESTADO in Portuguese 1745 GMT 24 Jul 94

[By Diana Fernandes]

[Text] Brasilia, 24 Jul (AE)—Superior Electoral Board, TSE, Resolution No. 14457 establishes that no one but

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the candidates can appear in programs broadcast during the free electoral propaganda time. In addition, it creates a series of other difficulties for the television producers preparing these programs. It is forbidden, for example, to use vignettes at the opening of the programs or between two candidates' programs. On television, the period separating one candidate's program from another's can only be used to present the candidate's name and number and the party logos and other visual symbols.

The TSE has approved the use of campaign jingles during each candidate's presentation over radio or television, if the campaign organizers deem their use good. Regarding the candidates' appearances, however, the TSE resolution is very strict: The candidate either appears alone, live, or in recorded video prepared in the television studio, or in photographs, as long as these photographs do not simulate rallies, conventions, interviews with the people, or motorcades.

The announcer's image cannot appear on the screen; all he can do is read the campaign slogans, which will be shown fixed or moving on the screen. As splicing, mountings, and external shooting are forbidden, program producers can only use fixed, cut out images, set against a neutral background through electronic means. The candidates' speeches can be edited as long as the editing does not involve mounting, splicing, or other tricks that may lead to interpretations about the candidates, parties, or coalitions.

The TSE released another resolution today about rules to be followed by the Electoral Boards on election day. The TSE has established that each electoral section will have two voting booths—smaller than those used in the last election—to reduce the possibility of fraud. It also established that voters may write an abbreviation of the candidate's name, his nickname, the name by which he is best known, or the candidate's number. Voters will have to enter the voting booth twice: To vote on the blank voting slip used for the proportional elections, and then on the yellow slip used for the elections in which the candidates will be elected by a majority of votes.

The TSE resolution also tries to make it easier for voters who have visual handicaps and those who are illiterate. To sign the voting sheet and the voting slip, the blind can use the common alphabet or the Braille one. A blind voter can also bring any mechanical instrument that may help him vote.

Space Institute Signs Satellite Program Contracts With PRC

PY2707213894 Sao Paulo GAZETA MERCANTIL in Portuguese 21 Jul 94 p 22

[Article by Virgina Silveira in Sao Jose dos Campos, Sao Paulo State]

[Text] The National Institute of Space Research (Inpe) signed on 12 July three new contracts for 11.1 million reals [R] linked to the China-Brazil Earth Resources Satellite (CBERS) and Complete Brazilian Space Mission (MECB) satellite programs. The companies Esca Telecommunications, Mectron, and the ADE consortium—which is headed by the Euca, Digicon, and Akros Engineering companies—won an international bid for the supply of electronic and mechanical satellite equipment.

According to Carlos Santana, manager of the CBERS program, it was possible to sign the contracts after $6.5 million obtained from the federal government privatization program was assigned to the area. The resources were disbursed in advance by the Bank of Brazil, in accordance with an agreement reached between the Science and Technology Ministry and the Funding Authority for Studies and Projects (Finep).

The main contract signed by INPE involves the ADE Consortium, and totals R6.8 million. The Esca, Akros Engineering, and Digicon companies will manufacture the mechanical structure for the CBERS program satellite. According to Manager Carlos Santana, the ADE Consortium will have to develop four structure models (two engineering models and two flight models).

The program contemplates the manufacture and launching of two remote scanning satellites in a joint venture with the PRC. The overall cost of the project is estimated at $150 million, 30 percent of which must be contributed by the Brazilian Government and 70 percent by the PRC Government.

Esca has also been hired by INPE to develop a system for the supply of energy to the Brazil/PRC satellite. The contract is for $3.7 million.

INPE already counts on the participation of five other companies in the CBERS program, among them Elebra Defesa and Tecnasa Aeroeletronica, in addition to Esca and Digicon, which are developing other systems for the satellite.

In the agreement reached with the Chinese, the integration and tests for the second satellite of the series will be conducted in Brazil, at INPE's Integration and Tests Laboratory in Sao Jose dos Campos. Brazil will still have control of the satellites in accordance with its participation in the program.

A portion of the resources allocated to the INPE satellites program, nearly $2.5 million, will be earmarked for the launching of the Chinese-Brazilian satellite. According to Santana, the contract for the launching services will, however, will be divided into three installments and paid in accordance with the compensation system. "For each remittance made to the PRC, they will have to purchase Brazilian-made products worth the same amount," Santana explained.

The MECB program, which contemplates the manufacture and launching of two data-collecting satellites and two remote scanning satellites, has also been taken into consideration in the last contracts signed by INPE. A

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contract for the manufacture of a power conditioning unit for the first satellite of the remote scanning program has been signed with the Sao Jose dos Campos Mectron enterprise.

Santana added: "Three conditioning units will be developed at a cost of $680,000." The MECB has already launched the first Brazilian data-collection satellite. The second in the series will be ready at the end of the year, and will probably be launched in early 1995.

PRC Metallurgical Official Visits Rio, Views Trade

PY2707193594 Sao Paulo AGENCIA ESTADO in Portuguese 2010 GMT 26 Jul 94

[By J. Galazi]

[Text] Rio de Janeiro, 26 Jul (AE)—PRC Vice Minister of Metallurgical Industry Wu Xichun has stated that the PRC Government is interested in increasing its trade with Brazil, which currently stands at nearly $1 billion, exports and imports included. Wu is visiting Rio de Janeiro to attend the inauguration of China Metallurgical do Brasil, a subsidiary of the China Metallurgical Import and Export Corporation (CMIEC) [name of firm in English], which annually buys approximately $100 million of Brazilian iron ore.

Wu says China is a major exporter of coke to Brazilian companies, primarily to the National Iron and Steel Company (CSN) and to the Sao Paulo Iron and Steel Company. Although the total value of trade between China and Brazil may be considered high in absolute terms, it is still considered to be small in terms of the size of the two countries. In Wu's opinion, the installation of the CMIEC subsidiary in Brazil is highly significant because this company will not only participate in the metallurgical area, but it will also represent Chinese enterprises willing to establish trade relations with Brazil in several areas.

CMIEC is a commercial enterprise which, according to company President Fei Zuxun, will help Chinese companies invest in Brazil. He says the Brazilian economy suplements the Chinese economy in several areas. He noted that business deals will be closed on Chinese light industry products such as textiles, silk included. The new company will also help Brazilian companies that may want to establish trade relations with Chinese companies. A joint venture in the area of iron ore is also being negotiated with the Rio Doce Valley Company and with the Brazilian Mines Association [MBR]. No details have issued yet on this undertaking.

In recent years, the PRC has undergone a tremendous growth process that was marked by strong industralization. According to PRC Ambassador Yuan Tao, the PRC industrial sector grew by 23 percent in 1993. This growth is vital to the Chinese, who possess only 7 percent of the earth's arable land while accounting for almost one-third [as received] of the global population. Hence, the country must rely on industrialization.

Wu said that in 1993 the Chinese economy grew by 13 percent in relation to that of 1992. This growth percentage has been maintained in recent years. During the first half of 1994, there was an economic expansion of 12 percent. This expansion in turn refueled inflation which, according to Wu, by early this year was 20 percent higher than that of last year. Hence, the PRC Government decided to restrict the issuance of currency, to control public credit and prices. Wu said: "Our government seeks to maintain economic development while keeping inflation under control." Wu does not consider the implementation of capitalist measures in his country, which is socialist, to be a conflict. He said: "We are building a socialist system that will be characteristic of China."

Chile

Bolivian President Interviewed on Landlocked Situation

PY2807014994 Madrid EFE in Spanish 1741 GMT 25 Jul 94

[Text] Santiago, 25 Jul (EFE)—Bolivian President Gonzalo Sanchez de Lozada has said that if Bolivia and Chile are to resolve their problems, they must agree that the path to integration should be based on economics as well as on "cultural, human, and spiritual" issues.

The Bolivian president told the Chilean newspaper LAS ULTIMAS NOTICIAS that the integration path must be "without restrictions or limits, not just technical."

President Sanchez de Lozada added that Bolivia wants Chile to agree, "without any complexes and without beating about the bush that there was a time in its history when they acted in a nationalistic and imperialistic style, which provoked injustice."

"Most of the wealth which Chile enjoys today comes from land that once belonged to Bolivians. I do not believe this should create any complexes or any other attitude; it is simply an objective truth and we must find a solution," he said.

Bolivia lost its Pacific coast after a war it waged with Peru against Chile in the last century.

The Bolivian president added that Bolivia must not use its landlocked situation "as a permanent excuse to avoid facing many of its problems." He called for a "positive and active attitude toward our difficulties and our neighbors."

President Sanchez de Lozada also referred to the possibility that Chilean companies might invest in Bolivia, mentioning the gas and electricity industries as being of interest.

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He said Bolivia can export to southern Peru, to northern Chile, to Argentina, and eventually even to Brazil.

The Bolivian president in October 1993 visited Chile to attend the Rio Group presidential summit. He said his government wants to modernize the country and to promote a profound educational and social reform through a process he calls "returning the political and economic power to the people of Bolivia."

Interior Minister Opens Money Laundering Seminar

PY2707212794 Santiago Television Nacional de Chile Imagen Internacional in Spanish 1100 GMT 27 Jul 94

[Text] Interior Minister German Correa has stated that the government will resolutely fight crimes related to drug trafficking.

The interior minister opened a seminar on money laundering organized by the National Council for Drug Control [Consejo Nacional Para el Control de Estupefacientes] and the U.S. Embassy. In his speech, Correa admitted that the antidrug fight has not been very successful.

[Begin recording] President Frei's government has reaffirmed its unavoidable commitment to resolutely face these criminal actions with every legal measure.

In compliance with this commitment, the Chilean Government has created the National Council for Drug Control, it has prepared a national plan for the prevention and control of drug abuse, promulgated as an internal law the 1988 UN Convention, and submitted to Congress a bill to modify current laws to include punishments for money laundering as well as for the deviation of precursors and chemical substances to the illegal drug trade. [end recording]

He recalled that the bill establishes and regulates modern methods of judicial and police investigations, and that it seeks to give a more adequate treatment to the illegal consumption of drugs.

Planning Minister Outlines Anti-Poverty Budget

94P21014A Santiago LA NACION in Spanish 6 Jul 94 p 5

[Article by Matilde Oliva]

[Text] The priorities are the key to the Plan to Overcome Poverty, the first phase of which was approved yesterday by the Interministerial Social Committee and which involves one third of the budget for social spending for this year. With the details that Planning and Cooperation Minister Luis Maira gave, it was clear that although it has taken some time to draw up this program, it seeks to establish clearly, and after a thorough analysis, the social groups and places which will be prioritized in the targeting of the plan.

In this initial stage, which corresponds to the second half of 1994 and which has been approved by President Frei as well as the 12 members of the committee, 17 program areas were selected: female heads of households, children, poor localities, access to justice, solving the problem of the homeless, basic urban infrastructure, student aid program, targeted educational programs, primary health care, support for small businesses, job training, promotion of small-scale rural production, maintenance of the basic and municipal road systems, rural shantytowns, rural infrastructure, strengthening municipal government, and promoting organization and participation.

According to Maira, a complete list of actions or specific projects has been drawn up for each of these areas, with an indication of the government agencies that will execute these actions, the coverage (that is, the number of beneficiaries), and the budget commitment for these programs in 1994, which is estimated to total 500 billion pesos ($1.15 billion).

This corresponds to the cost of the programs the Social Committee has prioritized for all of this year. The minister said: "A very large part is going to be spent in the second half, but that is the total cost of these programs in 1994." He added that the funds, which correspond to the ministries' shares of the budget, are being reinforced and reallocated in the second half and do not involve an increase but rather a better use of the budget.

Explaining what part of the budget for social spending—a little more than $6 billion—will be applied to these programs, Maira stated that in real terms, that is "a somewhat inflated figure," because it includes all the spending on social security, which cannot be freely allocated by the government. He said: "As a result, the funds that can be freely assigned are approximatelly half of that figure, a little more than $3 billion. That is, we are assigning a little more than one third of the social spending for the year to priority programs with a high impact on poverty."

The minister added that some proposals have yet to be gathered from the different committee members. These proposals will be received on Thursday [7 July] by the executive secretary, and at the beginning of next week the complete text of this first phase of the program will be issued.

In two more weeks the second phase of the plan to overcome poverty will be ready. It consists of the approval of the 50 priority municipalities for implementation of the poverty plans. This will be done according to two criteria. First, in each region of the country one or more priority municipalities will be identified. Second, a special effort will be made in five groups of municipalities which correspond to five different types of poverty: rural livestock, for goat raisers in Limari and Choapa Provinces; agricultural municipalities of the unirrigated coastal area of the Sixth and Seventh Regions; poor

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localities in the coal-producing area, centered around Curanilahue and Lebu but also rural municipalities such as Contulmo, Tirua, and Los Alamos; municipalities of contiguous Mapuche communities in Malleco and Cautin Provinces centered in Curacautin, Lonquimay, and neighboring municipalities such as Victoria, Ercilla, and Lautaro; and finally, a noncontiguous group of poor municipalities of the Metropolitan Region that correspond to types of urban poverty.

Easter Islanders Present Land Ownership Concerns

94P21015A Santiago LA NACION in Spanish 22 Jun 94 p 11

[Text] With the aim of "adjusting the administration of Easter Island to the customs and needs of the Rapa Nui people," the Ministry of National Resources issued a number of measures yesterday including the implementation of the Law of Indigenous Development, which will make it possible for the island people to have communal use of the territory. This was in response to the strike movement called by the Rapa Nui Elders Council to demand the return of ownership of the land to the island's inhabitants, as well as to request one deputy and one senator to represent the Easter Islanders in Congress.

In response, the Ministry of National Resources agreed with Alberto Hotus, mayor of Easter Island and president of the Elders Council, "to make all the efforts needed to find a complete solution to the problems that affect the Easter Islanders because of the lack of land and of fresh water sources for their livestock."

The initiative includes temporarily suspending the process under way aimed at granting individual ownership titles on the island, as well as obtaining the coadministration of Rapa Nui National Park by Conaf [National Forestry Corporation] and the Easter Island Development Commission. In spite of the above, the Ministry of National Resources repeated that "in accordance with current legislation, the state owns the territories that make up Easter Island."

There was also a response in Congress yesterday to the demands of the Elders Council. This was given by Senate President Gabriel Valdes when he instructed the Internal Government Commission of that body "to visit Easter Island and become informed about the administrative or other kinds of powers." This decision was adopted by Valdes after meeting with Mayor Hotus, who presented to him a number of demands seeking greater administrative powers, decentralization, and autonomy for the Easter Islanders.

Meanwhile, Jacobo Hey Paoa, the governor of the island, minimized the problem yesterday, stating that it was only "a group of 60 people who call themselves the Elders Council who called a meeting to present some demands from their points of view. But there is no unrest on the island, since this is a peaceful demonstration of concerns." Hey Paoa also discounted the complaints about land ownership, asserting that there had never been so many titles issued as during the administration of former President Patricio Aylwin.

Colombia

Foreign Minister-Designate Assesses Talks With U.S. Officials

PA2707143894 Santa Fe de Bogota Emisoras Caracol Network in Spanish 1200 GMT 27 Jul 94

[Interview with Foreign Minister-designate Rodrigo Pardo by Victor Alarcon Zambrano in Washington; from "Caracol's 0600 to 0900" newscast—live or recorded]

[Text] [Zambrano] This is the last day of talks by the special envoys of Colombian President-elect Ernesto Samper who are talking with the Clinton administration. Without wanting to undermine today's talks, we can say that the heavy load of the task is over. Talks have been held with the State Department, with the DEA, and with senators who truly represent the Congress' thinking. This morning we are accompanied by two of the ministers designated by President-elect Samper. They are Foreign Minister-designate Rodrigo Pardo and Justice Minister-designate Nestor Humberto Martinez. We will talk this morning about what lies ahead and what has been achieved. I think there is a very good consensus on the outcome of the talks thus far. Good morning, Dr. Pardo.

[Pardo] Good morning, how are you?

[Zambrano] Would you give us your views on these two days of talks?

[Pardo] I think they have been successful in the sense that we have started the process of rebuilding relations. There was a consensus; many in Colombia felt that our relations were going through a very difficult period. We initiated this process in conjunction with the government of President Gaviria, Ambassador Silva, and Foreign Minister Noemi Sanin in an effort to normalize relations and to guarantee that on 7 August all bilateral issues can be worked normally. In that sense, I think it has been successful, more than anything because this is the beginning of a process which normally projects into the future.

[Zambrano] Paraphrasing what you said at the beginning that the heavy load is behind you, what is your perception... [pauses] what was the Clinton administration's tone?

[Pardo] I think their tone is positive. We have heard in several meetings that there is interest in working with the government of President Samper, that there is confidence in the president-elect, that there is confidence in the team of aides who were with him during his political campaign and who will be with him in the government. I think we can be optimistic that we will discuss in a

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friendly and consultative manner all topics, regardless of any differences that may arise.

[Zambrano] [Words indistinct] Senator DeConcini, for example, by Representative Rangel, do you think that Senator Helms' amendment will fail?

[Pardo] I hope so. It is unfair to Colombia, and it is unacceptable to our country. Obviously we cannot predict what the outcome will be. We are waiting for a decision from many people in Congress. We don't know what information is at their disposal. What I can say is that we have found that the attitude of the people we have contacted, the people contacted by the Colombian Embassy here in Washington, is that they have a better understanding of Colombia's situation, what our situation is in the fight against drug trafficking, what is the status of our bilateral relations.

[Zambrano] We heard comments yesterday, like the one expressed by Senator DeConcini, who told Caracol network that perhaps Colombia is assigning too much importance to the political will expressed by the Senate through the Helms amendment? What's your opinion?

[Pardo] No, I don't agree. I think that Colombia has given due consideration to an amendment that is offensive to our country. What happens is that there is a difference between reaction elicited by the topic in Colombian public opinion and in U.S. public opinion. I imagine that is what Senator DeConcini meant. He was very positive, however, in our talks. I think his position, expressed at the end of the meeting, will be very positive in this process. I think his position will be very close to that of the U.S. Government and the Colombian Government, both of President Gaviria and President-elect Samper, in the sense of seeking a rectification of the Senate vote on the Helms amendment.

[Zambrano] We also heard Representative Rangel say that the Helms amendment in no way represents the U.S. Congress' thinking. What is your view on this?

[Pardo] I hope that's true. They have to demonstrate this in the coming days, when the final text of the law on foreign aid is determined. Representative Rangel also said this is not the opinion of the government—and we have attested to this in our visit. To the contrary, both at the State Department and in the U.S. Government we have encountered a position on the Helms amendment that coincides to a great extent with the critical stand of the Colombian Government in the same regard.

President-Elect Samper on Guerrillas, Human Rights

PA2707163294 Santa Fe de Bogota Inravision Television Canal A Network in Spanish 0000 GMT 26 Jul 94

[From the "Seven O'Clock Newscast"]

[Text] Upon his return from Europe, President-elect Ernesto Samper said he was pleased with the outcome of the tour. He was cautious about possible negotiations with the guerrillas and he maintained that relations with the United States will improve. He also said his government will focus on human rights.

[Begin Samper recording] The truth is that these incidents really worry me, because they represent a type of violence of which we were unaware. The truth is that these incidents hinder the signing of an agreement, because they radicalize public opinion and cause confrontations with the Armed Forces, which are accomplishing their mission and task of defending public order.

Personally, I am not willing to succumb to any type of blackmail, not because of me but because of the country—the country deserves to be respected. The country's dignity will not be negotiated.

First, I want to prove there are no widespread human rights violations, as thought. Second, I want to work on the idea that Colombia and its government must set an example by respecting human rights. We must set an example for the rest of the country to follow. In addition, we will continue to implement our current policy: forging a new climate to protect human rights. [end recording]

Bogota Police Offer Reward for Terrorists, Guerrillas

PA2707154694 Santa Fe de Bogota Inravision Television Canal A Network in Spanish 1730 GMT 25 Jul 94

[Interview with Major General Octavio Vargas Silva, director of the Colombian National Police, by Yolima Celis; place not given; from the "Midday Television Newscast"—live]

[Text] [Celis] Attention: We have a last-minute report from Major General Octavio Vargas Silva, director of the National Police. General, what is the news?

[Vargas] In an agreement with the Bogota Mayor's Office, we are offering a reward to people who report in a timely manner the presence of terrorists or people involved in terrorism or subversion. Payment of this reward will be coordinated between Bogota district authorities and the Metropolitan Police.

[Celis] What will be the amount of the rewards, general?

[Vargas] They can range between 5 million and 20 million. Anyway, the news is that as of today we will pay rewards to people who give us timely information on the presence of terrorists or subversive people in any area in Bogota. The amounts of the rewards will depend on the importance of the tip and will range between 5 million and 20 million pesos.

[Celis] Many thanks, general.

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New Prosecutor General on Drug Fight, U.S. Relations

PA2707195294 Santa Fe de Bogota Inravision Television Canal A Network in Spanish 0000 GMT 27 Jul 94

[From the "Seven O'Clock Newscast"]

[Text] In his first interview as prosecutor general, Alfonso Valdivieso Sarmiento, first cousin of late Liberal Party leader Luis Carlos Galan, has said he is not afraid of challenges facing the Prosecutor General's Office or of the Cali Cartel.

[Begin recording] [Unidentified reporter] What is your position on the legalization of drugs?

[Valdivieso] I have always had a very clear position on this issue. I am opposed to and will oppose the legalization of drugs. The country is not in a position to legalize drugs. I think it would be a simplistic solution of a phenomenon against which the Colombian Government has demonstrated its capacity to act and make decisions. In my opinion, the Colombian Government has struggled successfully against this phenomenon.

[Reporter] What will your relations with the United States be like in light of the U.S. State Department's pressure on the Prosecutor General's Office?

[Valdivieso] We will maintain our independence as an institution but will coordinate with the national government. This is not a problem of the prosecutor general or the Prosecutor General's Office, but rather a problem of the Colombian state. I believe relations with the United States should be harmonious, and I am confident we will manage to restore that atmosphere of understanding.

[Reporter] Are you afraid of the Cali Cartel?

[Valdivieso] No way. I don't think that kind of fear can restrict our actions. I know this position entails some risks, but I am happy with my fulfillment of duties.

[Reporter] As a relative of Luis Carlos Galan, you must logically endorse his ideals. What is the most necessary ideal in doing a good job in the Prosecutor General's Office?

[Valdivieso] I think that above all right, courage, and valor, as well as our intent to defeat impunity. [end recording]

Ecuador

Foreign Minister Travels to Cuba on Official Visit

PA2607222994 Madrid EFE in Spanish 1553 GMT 26 Jul 94

[Text] Quito, 26 Jul (EFE)—Diego Paredes, Ecuadoran foreign relations minister, tomorroe will begin a three-day official visit to Cuba at the invitation of Roberto Robaina, Paredes' colleague on that island.

Paredes confirmed today that during his visit "he will highlight the Ecuadoran Government's interest in being useful in the reform process undertaken by Fidel Castro's government."

"The Cuban reforms must go hand in hand with political reforms that will work toward perfecting and strengthening an authentic democratic life," he added.

Foreign Ministry spokespersons told EFE that the minister will travel to Havana early Wednesday and will return to Ecuador on Saturday.

They added that Robaina will reciprocate the visit by going to Ecuador in the middle of August.

The Foreign Ministry also confirmed the official visit to Ecuador by Argentine President Carlos Menem at an as of yet undetermined date and announced that Ecuadoran President Sixto Duran-Ballen will visit Buenos Aires after the Rio Summit in Brasilia between 9 and 10 September.

Emphasizes 'Good' Relations

PA2807031594 Havana PRENSA LATINA in Spanish 1349 GMT 27 Jul 94

[Text] Quito, 27 Jul (PL)—Ecuadoran Foreign Minister Diego Paredes emphasized here today the good relations between his country and Cuba and the possibilities they will be even better in the immediate future.

In an exclusive interview with PRENSA LATINA, Paredes said his government gives great importance to its ties of cooperation with Cuba, a country with which it has maintained a traditional friendship for many years.

He said those relations have been political, not theoretical, and have been heightened recently in various areas, including health, sports, and culture, and can be expanded to other fields.

Paredes said his government views with satisfaction the economic changes taking place in Cuba, and he believes it would be positive to intensify those changes, as Ecuador feels a great affection for the Ecuadoran people.

He said much can be done to facilitate the path for Cuba's reintegration into the authentic Latin American political, economic, and cultural community, to which Cuba has always belonged.

He added: We are pleased to indicate, through the visit to Havana from 27 to 29 July, we want to strengthen our relations with Cuba in all areas and intensify the good contacts that have always existed.

Regard the future signing of cooperation agreements with Cuba, Paredes said his government is working on various international projects, such as tourism, trade, and health development, areas in which several agreements may be reached during his visit to Cuba.

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Regarding the upcoming hemispheric summit to be held in Miami in December, Paredes said the objectives of all regional summits is to strengthen relations among countries of the American Continent, and he deplored Cuba's exclusion from this meeting.

Cuban Vice President Arrives for Working Visit

PA2807022394 Havana PRENSA LATINA in Spanish 1447 GMT 27 Jul 94

[Text] Quito, 27 Jul (PL)—Cuban Vice President Jose Ramon Fernandez arrived in this capital today for a working visit in Ecuador and to participate in a Pan-American Sports Organization (ODEPA) meeting scheduled to take place in Guayaquil 29-31 July.

The Cuban leader will meet with Ecuadoran Deputy Foreign Minister Jose Marchan, former Presidents Carlos Julio Arosemena and Osvaldo Hurtado, among other personalities.

Fernandez will also meet with Cuban trainers who permanently work in Ecuador through a sports agreement with Pichincha Province and the Cuban bicycle team, which is participating in the 10th World Cycling Tournament in Quito.

The Cuban vice president will travel to Guayaquil on 29 July to attend the ODEPA meeting, which will choose the venue for the 13th Pan-American Sports Games in 1999.

The meeting will be attended by 150 delegates of all the Olympic committees in America, in addition to the International Olympic Committee (ICO) and organizers of the Atlanta 1996 Olympic Games.

Venezuela

Foreign Relations Committee Opposes Invasion of Haiti

PA2707031794 Caracas Union Radio Network in Spanish 2200 GMT 26 Jul 94

[From the "Union Radio News" newscast]

[Text] Following a meeting between Foreign Minister Miguel Angel Burelli Rivas and the Senate Foreign Relations Committee, Committee President Hayde Castillo de Lopez said Venezuela does not support an armed intervention in Haiti.

[Begin Castillo recording, in progress] ...and also said that he, that Venezuela, is very confused, although it has some very clear ideas. First, apparently there is clear opposition to an invasion of Haiti by the United States or by an inter-American force. There are also doubts about the suitability of an invasion by the United Nations.

Regarding a postinvasion phase, Venezuela's position is—and I think this is the correct position—that Haiti must be helped so it not only recovers the democratic system—which has never really fully existed in Haiti because of the country's social, economic, and educational situation—but also receives massive financial and human assistance to allow the country to improve its social, economic, and educational conditions and may then enter a development process on a more democratic basis. [end recording]

Referring to the incident involving four Iranian diplomats, the senator reiterated her agreement with the Venezuelan Foreign Ministry's response.

Foreign Minister on Envoy's U.S. Government Talks

PA2707153094 Caracas Union Radio Network in Spanish 1100 GMT 27 Jul 94

[Report by Vicente Briceno; from the "Union Radio News" newscast]

[Text] Foreign Minister Miguel Angel Burelli Rivas has denied reports that the Venezuelan ambassador to Washington was summoned by the U.S. State Department to brief that office on the controversy between the executive and Congress over the new suspension of constitutional guarantees.

The foreign affairs minister denied the report published in a national newspaper, explaining the Venezuelan diplomat only spoke with U.S. authorities about the Haitian situation. Burelli Rivas reiterated Venezuela's opposition to an invasion of the small Caribbean island, stated by President Caldera during his participation in the Cartegena summit last Sunday [24 July].

Defense Minister Notes Military Support for President

PA2707122694 Caracas EL UNIVERSAL in Spanish 23 Jul 94 Section 1 p 12

[Report by Berenice Gomez Velasquez]

[Text] Gentlemen: the National Armed Forces [FAN] support and agree completely with President Caldera's decision to suspend constitutional guarantees. The Armed Forces comply, as usual, with the orders of the president and commander in chief of the FAN. The president's orders were also endorsed by the Council of Ministers, Defense Minister General Rafael Montero Revette has said.

The defense minister made this statement during a private meeting to which the media were denied access. But EL UNIVERSAL has been able to obtain this information.

Gen. Montero convened the officers of the Caracas Battalion, the four military branches—from sublieutenants to generals and admirals.

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The commander of the 3d Infantry Division and head of the Caracas Battalion, the president of the IPSFA [National Armed Forces Social Security Institute], the president of Horizonte Insurance Company, and the head of the Sectorial General Directorate for Security and Social Welfare accompanied Gen. Montero. A total of 2,000 men and women—who listened and asked questions, but abstained from giving their views—filled the auditorium of the Military Academy of Venezuela.

Disagreements between the executive branch and the legislative branch were aired during the meeting. Gen. Montero explained that the president had decided to suspend the guarantees, but hours before the meeting with the officers, Congress voted to restore them. As a result, the president proposed that the Council of Ministers consider either declaring a state of emergency or suspending constitutional guarantees; resuspending the guarantees was finally chosen.

In light of the situation, I thought it was necessary, indispensable, to gather you here in order to comply with my duty of keeping you abreast of the events, Gen. Montero indicated.

The minister's meeting with the officers lasted from 0700 to 0900. At that meeting, the Military High Command and the FAN expressed their absolute and unanimous support for the president of the Republic.

During this meeting, the FAN confirmed and endorsed its support for the executive, who deems restoring constitutional guarantees inappropriate.

Gentlemen, in the past few months, the FAN have worked hard to preserve and strengthen peace and security in the country. We believe it is appropriate and advisable that for the time being, constitutional guarantees remain suspended, Gen. Montero stated.

He added that the FAN have been confined to barracks and put on Alpha Alert along the Colombian border, explaining the reasons behind that decision and position, and thus confirming the exclusive report published by EL UNIVERSAL.

Later, it was said that the Venezuelan military neither decides nor interferes in policies adopted by the state, but rather complies with and, in this case, supports them.

The meeting was also used to discuss command actions taken by the defense minister. Measures related with the social well-being of subordinates in these critical times, such as the supply of medical devices, medicines, and instruments to military hospitals received much attention.

Once the speaker yielded the floor, officers asked questions which were answered by the minister and senior Armed Forces officers.

National Armed Forces Prepared for 'Any Eventuality'

PA2807044894 Caracas EL UNIVERSAL in Spanish 27 Jul 94 Section 1 p 15

[Report by Berenice Gomez Velasquez]

[Text] Vice Admiral Jose Rafael Huizi Clavier, inspector general of the National Armed Forces [FAN], has said the Armed Forces is prepared, as always, for any eventuality. He added: If a referendum were decided, we have the men, the planning, the experience, and we are ready to assume FAN's role and responsibility in the process, just as if it were the elections.

The vice admiral, FAN's number two man, has referred to the operation by which the FAN Unified Command, CUFAN, in its Republic Plan, would support and carry out electoral processes in the country.

The Armed Forces, just as the defense minister has announced, fully supports the president of the Republic in the decision to suspend the constitutional guarantees, and he vouched for the Council of Ministers.

What is the FAN situation? Is FAN on alert due to the suspended guarantees?

We are not on alert due to the suspended guarantees. The FAN situation is completely normal. We are in a normal routine. We are working normally. An alert has been maintained along the Colombian border, because intelligence reports have warned of possible actions by Colombian narcoguerrillas against our posts, naval docks, air and border bases, Huizi Clavier has replied.

Vice Admiral Jose Rafael Huizi Clavier has informed no attacks by Colombian narcoguerrillas have taken place against Veneuelan military or civilian targets up to now. Nevertheless, their troops are on alpha alert [alerta alfa].

Justice Minister Confirms Special Measures To Continue

PA2707125194 Caracas EL UNIVERSAL in Spanish 23 Jul 94 Section 1 p 14

[Text] Reporters waited for ministers to leave a special cabinet meeting called by President Rafael Caldera to suspend anew constitutional guarantees reinstated by the National Congress.

First to emerge was Family Minister Mercedes Pulido de Briceno. After her came Federal District Governor Asdrubal Aguiar, then Defense Minister Division General Rafael Angel Montero Revette. The latter was about to get into his car when the question was asked: Do the Armed Forces agree with the suspension of guarantees? Gen. Montero replied: The Armed Forces supports the president of the Republic. Then he left.

Very Prudently

Justice Minister Ruben Creixems Savignon answered several of the reporters' questions and emphasized that the guarantees related to personal rights, such as the inviolability of the home, had been suspended because there is a situation of exception, of emergency, in the country.

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The suspension of guarantees is not the problem but rather the moderation with which the suspension is handled. Up to now, the government has been very prudent. I don't think people have felt that their right to a fair trial has been violated. The government will stick to its position. It will manage the special situation with special measures and will implement such measures with utmost respect to ensure that people do not feel their basic rights are being violated. Measures taken must correspond to the emergency situation. Whatever is usually routine or normal becomes different.

[Reporter] Are the suspended guarantees the same ones suspended before?

[Creixems] They are the same ones because the reasons that prompted their suspension in the first place still exist. The government will require the special legal instruments to confront the current crisis until regular legislative instruments are available, that is, until Congress approves partial reform of the financial reform law, partial reform of the consumer protection law and the foreign exchange violations law.

[Reporter] Has a state of emergency been declared?

[Creixems] No, the same situation still exists. I believe it is very important that people be told the country was rife with rumors the day before the guarantees were suspended and that we no longer have any rumors.

Minister Creixems explained that the economic crisis is not new.

[Creixems] The economic crisis is linked to the social and political crisis. Thus, the suspension of guarantees is related to individual and political issues because they are geared to control the economic situation. We cannot say the economic situation is one problem and the political and social situation another. The economic crisis generates political and social distress. That is why there are two kinds of suspended guarantees: economic and individual.

It Has Not Been Disregarded

Minister Creixems was asked if the government has ignored the legislative branch.

[Creixems] No, the government has not ignored the legislative branch. In fact, it sent the suspension decree to the legislative branch. It sent ministers to the answer the congressmen's questions; it sent two ministers, the interior and decentralization ministers, who are also well-known constitutional law professors, to the final debate. Thus, the government maintains its relations with the legislative branch. The simple fact is that the executive considers it is assessing the national emergency and the people's feelings clearly. We cannot counter President Caldera's campaign promise: government for the people.

[Reporter] Do you think this could lead the president to dissolve Congress or to govern by decree?

[Creixems] I think we must climb the stairs step by step. Such situations do not now exist. I am convinced of the Venezuelan political leaders' wisdom and especially that the people's legitimate demands will stop those issues from being discussed further. The country has to get back to normalcy. The country has possibilities. Above all, it has young people who are increasingly coherent, more knowledgeable, and willing to save the country.

[Reporter] Could this decision be a show of force?

[Creixems] I don't think it is a show of force. It is a show of responsibility. President Caldera's government knows the emergency situation continues and that it needs those special mechanisms to manage the crisis. Thus it is not a matter of authority but of responsibility.

Attorney General: People Support Government Actions

PA2807045794 Caracas EL UNIVERSAL in Spanish 26 Jul 94 Section 1 p 15

[Text] The suspension of guarantees is necessary. People understand this suspension and have given the measure their complete support, stated Attorney General Jesus Petit da Costa, adding no government and no democrat such as President Rafael Caldera is interested in suspending guarantees simply to exercise authority or show he is head of state. "No. It was simply necessary," he has said.

He added: "I believe Caldera followed the path paved by Congress to resolve the financial crisis." That path, which was established in the Financial Emergency Law, was unsuccessful; therefore, the country was further indebted, losing 800 billion bolivares, worsening the situation of the financial system. What is condemnable, what President Caldera and the entire country are condemning, and I as attorney general condemn, is the fact those who received assistance, who were given money to save their enterprises, stole those funds. "Therefore, in view of the situation, in view of the scope of the emergency, the president had to make heroic, momentous, and absolutely necessary decisions."

Petit da Costa has said had the government done nothing to solve the problem, the system would have fallen by inertia, negligence, or complicity." I believe that the government's attitude has been in that direction and that people have understood and are giving the president their total support."

"It was necessary to suspend the guarantees in order to create what in constitutional terms is known as "extraordinary legality," [legalidad extraordinaria] because what the president of the Republic decides at the Council of Ministers is neither illegal nor unconstitutional. It simply creates an extraordinary legality, a special jurisdiction in light of the emergency and scope of the crisis."

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Adviser on GATT Urges U.S, To Lift Tuna Embargo

PA2807011294 Caracas EL UNIVERSAL in Spanish 26 Jul 94 Section 2 p 1

[Text] Juan Francisco Misle, Venezuelan minister-adviser on GATT affairs, has urged the U.S. Government to lift the tuna embargo, in compliance with its commitments to GATT.

It was reported at the Foreign Trade Institute [ICE] that the second report presented by the Special Tuna Group was analyzed during the GATT Council of Representatives meeting, held in Geneva. The report established the U.S. tuna embargo is incompatible with the guidelines that stipulate international trade.

Misle participated in the meeting to support the endorsement of the report, because "implementation of the embargo has seriously impeded Venezuelan tuna exports."

Since it was adopted in March 1991, this measure has become an element of friction between Venezuela and the United States. The inadequate characteristic the tuna and dolphin issue has acquired as a key element in the discussions on trade and the environment has intensified this friction. [sentence as published]

ICE has said "Venezuela's participation in this multilateral forum gave the issue relevance, because all GATT members participated in it." Many GATT members have expressed their support for the endorsement of the report, thus supporting Venezuela's position. Canada, Mexico, Argentina, Chile, Switzerland, Brazil, Australia, New Zealand, Singapore, Hong Kong, India, Thailand, Japan, Philippines, Korea, the Nordic countries, and the EU are among the countries that supported Venezuela.

The United States had stated at the meeting it will not endorse the report and proposed the issue be discussed at the next Council of Representatives meeting scheduled for September 1994.

ICE added once the Special Tuna Group report is definitely endorsed, the United States will have to adjust its guidelines to comply with GATT rules, thereby having to lift the questioned embargo.

New Military Prosecutor Sworn In

94P21012A Caracas EL DIARIO DE CARACAS in Spanish 29 Jun 94 p 5

[Article by Arnaldo Tavio Yabrudy]

[Text] The plenum of the Court Martial, chaired by General Jose Ubaldo Lopez Barrios, appointed Army Colonel Hugo Miquilena Solorzano as the new military prosecutor before that body. Col. Miquilena Solorzano was sworn in at 1100 by the magistrates who make up the high military court. Miquilena will hold this post for one year. He is replacing Army Brigadier General Juan Manuel Bogado Velasquez, who has been appointed court president.

At the end of the ceremony the new prosecutor, who is a lawyer, told the reporters that the post he has been called upon to hold is extremely sensitive, since all the cases concerning presumable commission of crimes described specifically in the Code of Military Justice pass through him. "I hope that in the period in which I am the prosecutor before the court, for exactly one year, there will be few cases I must handle and take action on."

He then stated that he is at the service of the media to cooperate with the work of the reporters who cover the military courts, where it is sometimes very difficult to obtain information.

When he was asked about the only pending case, that of former Air Force Commander Gen. Eutimio Fuguett Borregales, he explained that he has not yet read the file, but he said, "I hope to be able to talk about that case later on."

For his part, Gen. Bogado Velasquez stated that he had to leave the post of prosecutor in order to be sworn in as court president this Thursday [30 June].

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